

**TOWNSHIP OF BERKELEY HEIGHTS  
COUNTY OF UNION  
NEW JERSEY**

**REPORT ON  
EXAMINATION OF ACCOUNTS  
FOR THE YEAR 2016**

**SAMUEL KLEIN AND COMPANY  
CERTIFIED PUBLIC ACCOUNTANTS**

**TOWNSHIP OF BERKELEY HEIGHTS**  
**COUNTY OF UNION, NEW JERSEY**

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**PART I**  
**REPORT ON EXAMINATION**  
**FINANCIAL STATEMENTS**  
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**AND**  
**SUPPLEMENTARY EXHIBITS**  
**YEAR ENDED DECEMBER 31, 2016**

# SAMUEL KLEIN AND COMPANY

CERTIFIED PUBLIC ACCOUNTANTS

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## INDEPENDENT AUDITOR'S REPORT

The Honorable Mayor and Members  
of the Township Council  
Township of Berkeley Heights  
Berkeley Heights, New Jersey 07922

### Report on the Financial Statements

We have audited the financial statements - regulatory basis of the various funds and account groups of the Township of Berkeley Heights in the County of Union, as of and for the years then ended December 31, 2016 and December 31, 2015 and the related notes to the financial statements - regulatory basis, as listed in the foregoing table of contents.

### Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements - regulatory basis in accordance with accounting principles prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey. Management is also responsible for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements - regulatory basis that are free from material misstatement, whether due to fraud or error.

### Auditor's Responsibility

Our responsibility is to express opinions on these financial statements - regulatory basis based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America, audit requirements prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements - regulatory basis are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements - regulatory basis. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements - regulatory basis, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Township's preparation and fair presentation of the financial statements - regulatory basis in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Township's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements - regulatory basis.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

## **Basis for Adverse Opinion on U.S. Generally Accepted Accounting Principles**

As described in Note 1, these financial statements - regulatory basis have been prepared in conformity with accounting principles prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey, which is a basis of accounting other than accounting principles generally accepted in the United States of America, to demonstrate compliance with the modified accrual basis, with certain exceptions, and the budget laws of New Jersey. The effects on the financial statements of the variances between the regulatory basis of accounting described in Note 1 and accounting principles generally accepted in the United States of America, although not reasonably determinable, are presumed to be material.

## **Adverse Opinion on U.S. Generally Accepted Accounting Principles**

In our opinion, because of the significance of the matter discussed in the "*Basis for the Adverse Opinion on U.S. Generally Accepted Accounting Principles*" paragraph, the financial statements - regulatory basis referred to in the first paragraph, do not present fairly, in conformity with accounting principles generally accepted in the United States of America, the financial position of the Township as of December 31, 2016 and 2015, and the results of its operations for the years then ended.

## **Opinion on Regulatory Basis of Accounting**

In our opinion, the financial statements - regulatory basis referred to above, present fairly, in all material respects, the financial position of the various funds of the Township of Berkeley Heights at December 31, 2016 and 2015, and the results of operations and changes in fund balance, where applicable, of such funds, thereof for the years then ended, in accordance with accounting principles on the basis of financial reporting provisions prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey, as described in Note 1.

## **Other Matters**

### *Supplementary Information*

Our audit was conducted for the purpose of forming opinions on the financial statements - regulatory basis that collectively comprise the Township's financial statements. The supplementary schedules listed in the table of contents are presented for purposes of additional analysis and are not a required part of the accompanying financial statements.

The supplementary schedules are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the financial statements. Such information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the supplementary schedules are fairly stated, in all material respects, in relation to the financial statements - regulatory basis taken as a whole.

**Other Reporting Required by *Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated September 19, 2017 on our consideration of the Township of Berkeley Heights's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Township of Berkeley Heights internal control over financial reporting and compliance.



SAMUEL KLEIN AND COMPANY  
CERTIFIED PUBLIC ACCOUNTANTS



JOSEPH J. FACCONI, RMA, PA

Newark, New Jersey  
September 19, 2017

TOWNSHIP OF BERKELEY HEIGHTS  
CURRENT FUND

COMPARATIVE BALANCE SHEET - REGULATORY BASIS

A  
Sheet #1

<u>ASSETS</u>	<u>Ref.</u>	<u>Balance</u> <u>Dec. 31, 2016</u>	<u>Balance</u> <u>Dec. 31, 2015</u>
<u>Regular Fund</u>			
Cash - Treasurer	A-4	\$ 3,429,351.00	\$ 3,249,322.74
Cash - Change Fund	A-8	400.00	400.00
Due to State of New Jersey per Chapter 20, P.L. 1971 - Senior Citizens' Deductions	A-10	5,834.33	13,204.69
		<u>3,435,585.33</u>	<u>3,262,927.43</u>
Receivables and Other Assets with Full Reserves:			
Tax Title Liens Receivable	A-6	84,340.53	77,176.48
Sewer User Charges Receivable	A-18	56,057.70	40,231.70
Delinquent Property Taxes Receivable	A-11	421,307.24	498,570.71
Revenue Accounts Receivable	A-12	6,876.05	6,467.12
		<u>568,581.52</u>	<u>622,446.01</u>
		<u>4,004,166.85</u>	<u>3,885,373.44</u>
<u>Grant Fund</u>			
Interfunds Receivable	A-19	432,237.00	361,788.02
Grants Receivable	A-23	342,499.00	330,954.27
		<u>774,736.00</u>	<u>692,742.29</u>
		<u>\$ 4,778,902.85</u>	<u>\$ 4,578,115.73</u>

TOWNSHIP OF BERKELEY HEIGHTS  
CURRENT FUND

COMPARATIVE BALANCE SHEET - REGULATORY BASIS

A  
Sheet #2

<u>LIABILITIES, RESERVES AND FUND BALANCE</u>	<u>Ref.</u>	<u>Balance</u> <u>Dec. 31, 2016</u>	<u>Balance</u> <u>Dec. 31, 2015</u>
<u>Regular Fund</u>			
Appropriation Reserves:			
Unencumbered	A-3,13	\$ 611,883.67	\$ 698,948.53
Encumbered	A-3,13	367,669.14	454,113.97
Accounts Payable - Current Fund	A-5	68,135.12	63,204.49
Sewer Overpayments	A-7	55,128.83	44,812.15
Prepaid Taxes	A-16	248,886.96	191,935.30
Tax Overpayments	A-17	1,182.48	6,241.02
Reserve for Various Deposits	A-24	6,795.08	6,795.08
County Taxes Payable	A-20	55,190.74	136,134.61
School Taxes Payable	A-21	5.00	3.00
Interfunds Payable	A-22	462,325.63	391,876.65
Due to State of New Jersey	A-25	3,979.00	
		<u>1,881,181.65</u>	<u>1,994,064.80</u>
Reserve for Receivables		568,581.52	622,446.01
Fund Balance	A-1	1,554,403.68	1,268,862.63
		<u>4,004,166.85</u>	<u>3,885,373.44</u>
<u>Grant Fund</u>			
Interfunds Receivable	A-19	16,782.12	16,782.12
Reserve for Grants - Unappropriated	A-14	5,585.16	
Reserve for Grants - Appropriated	A-15	752,368.72	675,960.17
		<u>774,736.00</u>	<u>692,742.29</u>
		<u>\$ 4,778,902.85</u>	<u>\$ 4,578,115.73</u>

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See accompanying notes to financial statements.

TOWNSHIP OF BERKELEY HEIGHTS  
CURRENT FUND

COMPARATIVE STATEMENTS OF OPERATIONS AND  
CHANGES IN FUND BALANCE - REGULATORY BASIS

A-1

	<u>Ref.</u>	<u>Year 2016</u>	<u>Year 2015</u>
<u>Revenue and Other Income Realized</u>			
Fund Balance Utilized	A-2	\$ 775,000.00	\$ 825,000.00
Miscellaneous Revenue Anticipated	A-2	4,085,830.09	4,133,925.33
Receipts from Delinquent Taxes	A-2	501,166.62	506,441.69
Receipts from Current Taxes	A-2a	71,549,686.31	69,737,039.03
Nonbudget Revenue	A-2a	103,515.36	109,513.42
Other Credits to Income:			
Grant Reserves Cancelled	A-22	12,296.17	
Cancellations of Tax Overpayments	A-17	6,849.56	
Unexpended Balance of Appropriation Reserves	A-13	258,094.83	271,860.90
Total Revenue and Other Income Realized		77,292,438.94	75,583,780.37
<u>Expenditures</u>			
Budget and Emergency Appropriations (Within "CAPS"):			
Operations (Including Contingent)		12,636,523.00	12,524,718.00
Deferred Charges and Statutory Expenditures - Municipal		1,667,288.00	1,572,086.99
Budget (Excluded from "CAPS"):			
Operations		1,565,969.69	1,598,741.56
Capital Improvements		225,000.00	169,999.23
Municipal Debt Service		1,882,633.01	1,892,772.24
	A-3	17,977,413.70	17,758,318.02
Prior Year Deductions Disallowed	A-10	2,685.99	53,041.53
County Taxes	A-20	17,701,334.11	17,008,596.61
Added and Omitted County Taxes	A-20	55,254.09	136,144.51
Local School District Taxes	A-21	40,495,210.00	39,588,662.00
Total Expenditures		76,231,897.89	74,544,762.67
Excess in Revenue		1,060,541.05	1,039,017.70
<u>Fund Balance</u>			
Balance January 1	A	1,268,862.63	1,054,844.93
		2,329,403.68	2,093,862.63
Decreased by:			
Utilized as Anticipated Revenue	A-2	775,000.00	825,000.00
Balance December 31	A	\$ 1,554,403.68	\$ 1,268,862.63

See accompanying notes to financial statements.

TOWNSHIP OF BERKELEY HEIGHTS  
CURRENT FUND

STATEMENT OF REVENUE - REGULATORY BASIS

A-2

	Ref.	Anticipated		Realized	Excess or (Deficit)
		Budget	Special N.J.S. 40A:4-87		
Fund Balance Anticipated	A-1	\$ 775,000.00	\$	\$ 775,000.00	\$
Miscellaneous Revenues:					
Fees and Permits	A-2a	300,000.00		350,067.54	50,067.54
Licenses:					
Alcoholic Beverages	A-12	15,750.00		15,934.40	184.40
Other	A-12	3,000.00		2,582.00	(418.00)
Fines and Costs:					
Municipal Court	A-12	118,000.00		139,685.23	21,685.23
Construction Code Official	A-12	400,000.00		594,815.00	194,815.00
Cable TV Franchise Fee	A-12	197,000.00		197,585.55	585.55
Consolidated Municipal Property Tax Relief Aid	A-12	159,166.00		159,166.00	
Energy Receipts Tax	A-12	1,381,425.00		1,381,425.00	
Interest and Costs on Taxes	A-12	130,000.00		121,534.56	(8,465.44)
Recycling Refund	A-12	16,683.00		16,683.00	
Library Reimbursement of Costs	A-12	257,250.00		257,250.00	
Rents of Township Property	A-12	310,000.00		286,711.24	(23,288.76)
Uniform Fire Safety Act	A-12	45,000.00		55,121.72	10,121.72
Board of Education - Fuel Reimbursement	A-12	14,805.00		14,804.82	(0.18)
Sewer User Charges	A-18	260,000.00		266,333.34	6,333.34
Alcohol Education and Rehabilitation	A-23		1,389.92	1,389.92	
CDBG - Senior Citizen Center Program	A-23		6,600.00	6,600.00	
CDBG - Senior Citizen Transportation Program	A-23		7,100.00	7,100.00	
Clean Communities Grant	A-23		30,947.12	30,947.12	
Click It or Ticket	A-23		4,425.42	4,425.42	
New Jersey Sustainable Small Cities Grant	A-23		10,000.00	10,000.00	
Greening Union County	A-23	1,000.00		1,000.00	
Municipal Alliance	A-23	14,123.00		14,123.00	
Recycling Tonnage Grant	A-23		8,314.23	8,314.23	
FEMA Hazard Mitigation Grant	A-23	100,000.00		100,000.00	
Assistance to Firefighters	A-23	25,397.00		25,397.00	
Union County - Kids Recreation	A-23		16,834.00	16,834.00	
	A-1	<u>3,748,599.00</u>	<u>85,610.69</u>	<u>4,085,830.09</u>	<u>251,620.40</u>
Receipts from Delinquent Taxes	A-1,11	<u>505,773.00</u>		<u>501,166.62</u>	<u>(4,606.38)</u>
Amount to be Raised by Taxes for Support of Municipal Budget:					
Local Tax for Municipal Budget	A-11	12,662,059.00		12,975,349.11	313,290.11
Minimum Library Tax	A-11	1,072,539.00		1,072,539.00	
Total Amount to be Raised by Taxes for Support of Municipal Budget	A-2a	<u>13,734,598.00</u>		<u>14,047,888.11</u>	<u>313,290.11</u>
Total Budget Revenue		<u>18,763,970.00</u>	<u>85,610.69</u>	<u>19,409,884.82</u>	<u>560,304.13</u>
Nonbudget Revenue	A-2a			<u>103,515.36</u>	<u>103,515.36</u>
		<u>\$ 18,763,970.00</u>	<u>\$ 85,610.69</u>	<u>\$ 19,513,400.18</u>	<u>\$ 663,819.49</u>
	Reference	A-3	A-3		

See accompanying notes to financial statements.

TOWNSHIP OF BERKELEY HEIGHTS  
CURRENT FUND

STATEMENT OF REVENUE (Continued)  
ANALYSIS OF REALIZED REVENUE - REGULATORY BASIS

A-2a

	<u>Ref.</u>	
<u>Allocation of Current Tax Collections</u>		
Collected on a Cash Basis	A-1,11	\$71,549,686.31
Allocated to:		
School and County Taxes		<u>58,251,798.20</u>
Balance for Support of Municipal Budget Appropriations		13,297,888.11
Add: Appropriation Reserve for Uncollected Taxes	A-3	<u>750,000.00</u>
Amount for Support of Municipal Budget Appropriations	A-2	<u>\$14,047,888.11</u>
Fees and Permits:		
Clerk	A-12	\$ 208,165.85
Police Department	A-12	9,063.75
Engineering/Planning Board	A-12	113,455.55
Board of Health	A-12	<u>19,382.39</u>
	A-2	<u>\$ 350,067.54</u>
<u>Analysis of Nonbudget Budget</u>		
Miscellaneous Revenue Not Anticipated:		
Treasurer:		
Senior Citizens - Administration Fee		\$ 1,840.00
Miscellaneous		<u>101,675.36</u>
	A-1,2,4	<u>\$ 103,515.36</u>

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See accompanying notes to financial statements.

TOWNSHIP OF BERKELEY HEIGHTS  
CURRENT FUND

STATEMENT OF EXPENDITURES - REGULATORY BASIS

A-3  
Sheet #1

Appropriation	Appropriations		Paid or Charged	Reserved		Unexpended Balance Cancelled
	Budget	Modified Budget		Encumbered	Unencumbered	
<b>APPROPRIATIONS WITHIN "CAPS"</b>						
<u>GENERAL GOVERNMENT</u>						
Administrative and Executive:						
Salaries and Wages	\$ 179,500.00	\$ 179,500.00	\$ 177,848.45		\$ 1,651.55	\$
Other Expenses	87,360.00	72,360.00	66,259.10	4,656.13	1,444.77	
Mayor and Council:						
Salaries and Wages	4,000.00	4,000.00	4,000.00		785.00	
Other Expenses	1,475.00	1,475.00	690.00			
Township Council:						
Salaries and Wages	21,000.00	21,000.00	21,000.00		2,268.21	
Other Expenses	3,200.00	2,700.00	329.00	102.79		
Municipal Clerk:						
Salaries and Wages	125,500.00	125,500.00	122,430.58		3,069.42	
Other Expenses	65,000.00	65,000.00	40,934.55	3,613.20	20,452.25	
Financial Administration:						
Salaries and Wages	173,000.00	143,000.00	140,847.84		2,152.16	
Other Expenses	23,270.00	31,770.00	29,625.17	1,738.89	405.94	
Annual Audit	49,000.00	49,000.00	48,800.00		200.00	
Tax Collection:						
Salaries and Wages	66,000.00	65,000.00	63,888.00		1,112.00	
Other Expenses	4,675.00	5,675.00	4,697.03	259.84	718.13	
Assessment of Taxes:						
Salaries and Wages	52,500.00	49,000.00	47,608.12		1,391.88	
Other Expenses	30,825.00	34,325.00	33,960.79	143.60	220.61	
Legal Services and Costs:						
Other Expenses	225,000.00	225,000.00	202,376.22	7,877.69	14,746.09	
Municipal Court:						
Salaries and Wages	28,000.00	28,000.00	26,343.84		1,656.16	
Other Expenses	73,450.00	73,450.00	71,164.44		2,285.56	
Engineering Services and Costs:						
Salaries and Wages	308,500.00	308,500.00	301,460.32		7,039.68	
Other Expenses	33,850.00	15,850.00	7,094.62	300.00	8,455.38	

TOWNSHIP OF BERKELEY HEIGHTS  
CURRENT FUND

STATEMENT OF EXPENDITURES - REGULATORY BASIS

A-3  
Sheet #2

	Appropriations		Paid or	Reserved		Unexpended
	Budget	Modified Budget	Charged	Encumbered	Unencumbered	Balance Cancelled
<u>APPROPRIATIONS WITHIN "CAPS"</u>						
<u>GENERAL GOVERNMENT</u>						
Planning Board:						
Other Expenses	\$ 50,875.00	\$ 35,875.00	\$ 26,846.76	\$ 860.18	\$ 8,168.06	\$
Zoning Board of Adjustment:						
Salaries and Wages	2,000.00	2,000.00	2,000.00			
Other Expenses	10,300.00	10,300.00	9,351.51	708.44	240.05	
Affordable Housing:						
Other Expenses	50,000.00	227,500.00	132,945.77	94,497.95	56.28	
Insurance:						
General Liability	473,000.00	483,000.00	482,445.25		554.75	
Group Health	2,492,008.00	2,492,008.00	2,466,116.86		25,891.14	
Health Benefit Waiver	90,000.00	90,000.00	90,000.00			
	4,723,288.00	4,840,788.00	4,621,064.22	114,758.71	104,965.07	
<u>PUBLIC SAFETY</u>						
Fire Prevention:						
Fire Official:						
Salaries and Wages	32,000.00	29,500.00	27,678.75		1,821.25	
Other Expenses	7,300.00	7,300.00	4,377.19	2,321.74	601.07	
Fire:						
Salaries and Wages	6,500.00	6,500.00	1,182.07		5,317.93	
Other Expenses	136,500.00	136,500.00	130,196.26	5,437.54	866.20	
Fire Hydrant Services	182,000.00	182,000.00	181,089.20		910.80	
Police:						
Salaries and Wages	3,205,000.00	3,170,000.00	3,150,579.50		19,420.50	
Other Expenses	200,500.00	200,500.00	136,926.66	30,977.62	32,595.72	
Traffic Control Schools:						
Salaries and Wages	120,000.00	108,000.00	104,775.50		3,224.50	
Other Expenses	5,000.00	5,000.00	1,884.93	2,700.49	414.58	
Municipal Prosecutor:						
Salaries and Wages	15,750.00	15,750.00	15,524.88		225.12	
Emergency Management:						
Salaries and Wages	7,000.00	7,000.00	7,000.00			
Other Expenses	5,000.00	5,000.00	970.12	1,946.58	2,083.30	
Public Defender:						
Salaries and Wages	7,250.00	7,250.00	7,037.76		212.24	
	3,929,800.00	3,880,300.00	3,769,222.82	43,383.97	67,693.21	

TOWNSHIP OF BERKELEY HEIGHTS  
CURRENT FUND

STATEMENT OF EXPENDITURES - REGULATORY BASIS

A-3  
Sheet #3

Appropriation	Appropriations		Paid or Charged	Reserved		Unexpended Balance Cancelled
	Budget	Modified Budget		Encumbered	Unencumbered	
<b>APPROPRIATIONS WITHIN "CAPS"</b>						
<b>PUBLIC WORKS</b>						
Road Repairs and Maintenance:						
Salaries and Wages	\$ 482,500.00	\$ 482,500.00	\$ 474,182.01	\$ 8,317.99	\$ 8,317.99	\$
Other Expenses	82,350.00	79,350.00	46,965.10	10,092.78	22,292.12	
Sanitation:						
Solid Waste Transportation:						
Other	255,000.00	255,000.00	210,144.71	23,901.55	20,953.74	
Maintenance of Sewer Plant:						
Salaries and Wages	521,500.00	485,500.00	482,583.58	37,448.51	2,916.42	
Other Expenses	448,450.00	448,450.00	408,386.78		2,614.71	
Public Buildings and Grounds:						
Salaries and Wages	81,500.00	78,500.00	76,409.91	3,261.16	2,090.09	
Other Expenses	46,750.00	52,750.00	49,464.83		24.01	
Snow Removal:						
Salaries and Wages	112,200.00	112,200.00	40,857.14	56,912.00	71,342.86	
Other Expenses	110,000.00	110,000.00	44,078.52		9,009.48	
Maintenance of Vehicles:						
Salaries and Wages	102,000.00	102,000.00	101,415.56		584.44	
Other Expenses	132,000.00	132,000.00	94,846.74	13,953.92	23,199.34	
	<u>2,374,250.00</u>	<u>2,338,250.00</u>	<u>2,029,334.88</u>	<u>145,569.92</u>	<u>163,345.20</u>	
<b>HEALTH AND WELFARE</b>						
Public Health Services:						
Salaries and Wages	4,000.00	4,000.00	4,000.00			
Other Expenses	77,000.00	77,000.00	43,440.33	161.50	33,398.17	
Environmental Commission:						
Other Expenses	1,135.00	1,135.00	834.28	24.00	276.72	
Welfare Administration:						
Salaries and Wages	4,000.00	4,000.00	3,000.00	1,000.00		
Community on Cable	22,500.00	17,500.00	15,034.64		2,465.36	
	<u>108,635.00</u>	<u>103,635.00</u>	<u>66,309.25</u>	<u>1,185.50</u>	<u>36,140.25</u>	
<b>RECREATION AND EDUCATION</b>						
Board of Recreation Commissioners:						
Salaries and Wages	213,500.00	188,500.00	185,660.02		2,839.98	
Other Expenses	42,000.00	42,000.00	37,871.24	3,754.71	374.05	
	<u>255,500.00</u>	<u>230,500.00</u>	<u>223,531.26</u>	<u>3,754.71</u>	<u>3,214.03</u>	

TOWNSHIP OF BERKELEY HEIGHTS  
CURRENT FUND

STATEMENT OF EXPENDITURES - REGULATORY BASIS

A-3  
Sheet #4

Appropriation	Appropriations		Paid or Charged	Reserved		Unexpended Balance Cancelled
	Budget	Modified Budget		Encumbered	Unencumbered	
<b>APPROPRIATIONS WITHIN "CAPS"</b>						
UNIFORM CONSTRUCTION CODE - APPROPRIATIONS OFFSET BY DEDICATED REVENUES						
Construction Code Officials:						
Salaries and Wages	\$ 282,000.00	\$ 282,000.00	\$ 277,259.43		\$ 4,740.57	\$
Other Expenses	49,550.00	41,550.00	30,783.55	614.07	10,152.38	
	<u>331,550.00</u>	<u>323,550.00</u>	<u>308,042.98</u>	<u>614.07</u>	<u>14,892.95</u>	
<b>UNCLASSIFIED</b>						
Utilities:						
Telephone	102,000.00	102,000.00	77,248.32	4,183.23	20,568.45	
Street Lighting	153,000.00	149,000.00	116,615.90	929.16	31,454.94	
Salary Adjustment	20,000.00					
Postage	13,500.00	13,500.00	11,410.00	2,090.00		
Accumulated Absence	10,000.00	30,000.00	30,000.00			
Electricity	313,000.00	313,000.00	289,487.58	20,978.98	2,533.44	
Water	29,000.00	29,000.00	22,980.71	874.81	5,144.48	
Gasoline	175,000.00	175,000.00	96,096.13	5,006.24	73,897.63	
Gas (Natural or Propane)	83,000.00	83,000.00	71,695.34	1,961.52	9,343.14	
Condominium Service Law	25,000.00	25,000.00		19,378.32	5,621.68	
	<u>923,500.00</u>	<u>919,500.00</u>	<u>715,533.98</u>	<u>55,402.26</u>	<u>148,563.76</u>	
Total Operations	12,646,523.00	12,636,523.00	11,733,039.39	364,669.14	538,814.47	
<b>DEFERRED CHARGES AND STATUTORY EXPENDITURES</b>						
Contributions to:						
Public Employees' Retirement System	351,771.00	351,771.00	351,598.88		172.12	
Social Security	553,000.00	553,000.00	525,260.16		27,739.84	
Police and Firemen's Retirement System	747,517.00	747,517.00	747,517.00			
Unemployment Compensation Insurance	15,000.00	15,000.00	15,000.00			
	<u>1,667,288.00</u>	<u>1,667,288.00</u>	<u>1,639,376.04</u>		<u>27,911.96</u>	
Total Appropriations Within "CAPS"	14,313,811.00	14,303,811.00	13,372,415.43	364,669.14	566,726.43	

TOWNSHIP OF BERKELEY HEIGHTS  
CURRENT FUND

STATEMENT OF EXPENDITURES - REGULATORY BASIS

A-3  
Sheet #5

Unexpended  
Balance  
Cancelled

Encumbered      Reserved  
Unencumbered

Paid or  
Charged

Appropriations  
Budget      Modified  
Budget

Budget

APPROPRIATIONS EXCLUDED FROM "CAPS"

OTHER OPERATIONS

Maintenance of Free Public Library  
Other Sewer  
Tax Appeals

\$ 1,072,539.00	\$ 1,072,539.00	\$ 1,042,424.73	\$ 30,114.27	\$
157,500.00	157,500.00	142,538.94	14,961.06	
95,000.00	105,000.00	101,918.09	81.91	
<u>1,325,039.00</u>	<u>1,335,039.00</u>	<u>1,286,881.76</u>	<u>45,157.24</u>	

PUBLIC AND PRIVATE PROGRAMS OFFSET

BY REVENUES

Greening Union County  
Recycling Tonnage Aid  
Alcohol Education and Rehabilitation  
Municipal Alliance  
Municipal Alliance - Local Match  
Clean Communities Grant  
Click It or Ticket  
Kids Recreation Grant  
CDBG Senior Citizen Transportation Program  
CDBG Senior Citizen  
Sustainable Jersey Small Grants  
Assistance to Firefighters Grant  
Assistance to Firefighters Grant - Local Match

1,000.00	1,000.00	1,000.00		
8,314.23	8,314.23	8,314.23		
1,389.92	1,389.92	1,389.92		
14,123.00	14,123.00	14,123.00		
3,531.00	3,531.00	3,531.00		
30,947.12	30,947.12	30,947.12		
4,425.42	4,425.42	4,425.42		
16,834.00	16,834.00	16,834.00		
7,100.00	7,100.00	7,100.00		
6,600.00	6,600.00	6,600.00		
10,000.00	10,000.00	10,000.00		
25,397.00	25,397.00	25,397.00		
1,269.00	1,269.00	1,269.00		
<u>230,930.69</u>	<u>230,930.69</u>	<u>230,930.69</u>		
1,555,969.69	1,565,969.69	1,517,812.45	45,157.24	

Total Operations

CAPITAL IMPROVEMENTS

Capital Improvement Fund  
Municipal Facilities Study

125,000.00	125,000.00	125,000.00		
100,000.00	100,000.00	100,000.00		
<u>225,000.00</u>	<u>225,000.00</u>	<u>225,000.00</u>		

DEBT SERVICE

Payment of Bond Principal  
Interest on Bonds

765,000.00	760,000.00	760,000.00		
214,550.00	209,550.00	184,221.95		

25,328.05

TOWNSHIP OF BERKELEY HEIGHTS  
CURRENT FUND

STATEMENT OF EXPENDITURES - REGULATORY BASIS

A-3  
Sheet #6

Appropriation	Appropriations		Paid or Charged	Reserved		Unexpended Balance Cancelled
	Budget	Modified Budget		Encumbered	Unencumbered	
<b>APPROPRIATIONS EXCLUDED FROM "CAPS"</b>						
<b>DEBT SERVICE</b>						
Payment of Bond Anticipation Notes and Capital Notes Interest on Notes	\$ 372,300.00	\$ 372,300.00	\$ 372,300.00		\$ 22.51	
N.J. Environmental Infrastructure Trust: Principal and Interest	67,725.00	67,725.00	67,702.49			
	595,225.00	595,225.00	498,408.57			96,816.43
	2,004,800.00	2,004,800.00	1,882,633.01			122,166.99
Total Appropriations Excluded from "CAPS"	3,785,769.69	3,795,769.69	3,625,445.46	3,000.00	45,157.24	122,166.99
Sub-Total	18,099,580.69	18,099,580.69	16,997,860.89	367,669.14	611,883.67	122,166.99
Reserve for Uncollected Taxes	750,000.00	750,000.00	750,000.00			
Total Appropriations	\$ 18,849,580.69	\$ 18,849,580.69	\$ 17,747,860.89	\$ 367,669.14	\$ 611,883.67	\$ 122,166.99

Reference	Below	Above
	A	A
	\$ 17,747,860.89	\$ 17,747,860.89
		4,800.00
		226,130.69
		16,766,930.20
		750,000.00
		(750,000.00)
		85,610.69
		\$ 18,763,970.00

Ref.	Reference
A-2	Adopted Budget
A-2	Appropriations by 40A:4-87
A-2a	Reserve for Uncollected Taxes
Above	Cancelled
A-4	Cash Expenditures
A-15	Reserve for Federal and State Grants
A-22	Interfunds
A-1	
Reference	

See accompanying notes to financial statements.

TOWNSHIP OF BERKELEY HEIGHTS  
TRUST FUNDS

COMPARATIVE BALANCE SHEET - REGULATORY BASIS

B

<u>ASSETS</u>	<u>Ref.</u>	<u>Balance</u> <u>Dec. 31, 2016</u>	<u>Balance</u> <u>Dec. 31, 2015</u>
<u>Animal Control Fund</u>			
Cash	B-1	\$ 61,606.07	\$ 56,517.88
<u>Other Funds</u>			
Cash	B-1	6,556,603.16	6,473,433.75
Interfunds	B-3	21,089.10	21,089.10
		<u>6,577,692.26</u>	<u>6,494,522.85</u>
		<u>\$ 6,639,298.33</u>	<u>\$ 6,551,040.73</u>
 <u>LIABILITIES AND FUND BALANCES</u>			
<u>Animal Control Fund</u>			
Reserve for Animal Control Expenditures	B-2	\$ 59,917.07	\$ 55,451.88
Prepaid Revenue	B-12	1,689.00	1,066.00
		<u>61,606.07</u>	<u>56,517.88</u>
<u>Other Funds</u>			
Reserve for Payroll Deductions	B-4	58,814.07	34,068.99
Net Payroll	B-6	10,336.50	13,015.75
Various Reserves and Deposits	B-7	5,323,314.75	5,409,748.70
Reserve for Affordable Housing Deposit	B-8	819,641.26	716,441.76
Reserve for Unemployment Compensation Insurance	B-9	102,684.78	97,085.79
Reserve for Recreation Expenditures	B-10	179,272.77	128,897.75
Reserve for Equitable Sharing	B-11	78,980.70	90,616.68
Due to State of New Jersey	B-13	4,647.43	4,647.43
		<u>6,577,692.26</u>	<u>6,494,522.85</u>
		<u>\$ 6,639,298.33</u>	<u>\$ 6,551,040.73</u>

See accompanying notes to financial statements.

TOWNSHIP OF BERKELEY HEIGHTS  
GENERAL CAPITAL FUND

COMPARATIVE BALANCE SHEET - REGULATORY BASIS

C

<u>ASSETS AND DEFERRED CHARGES</u>	<u>Ref.</u>	<u>Balance</u> <u>Dec. 31, 2016</u>	<u>Balance</u> <u>Dec. 31, 2015</u>
Cash	C-1	\$ 1,085,629.96	\$ 2,388,252.83
Due from Current Fund	C-3	25,781.65	25,781.65
Deferred Charges to Future Taxation:			
Funded	C-4	10,368,112.34	11,843,990.55
Unfunded	C-5	10,327,248.27	9,641,548.27
State Aid Receivable	C-8	250,000.00	250,000.00
New Jersey Environmental Infrastructure Loan Receivable	C-13	<u>563,402.52</u>	<u>563,402.52</u>
		<u>\$22,620,174.74</u>	<u>\$24,712,975.82</u>
 <u>LIABILITIES, RESERVES AND FUND BALANCE</u>			
Capital Improvement Fund	C-6	\$ 84,704.80	\$ 16,004.80
Improvement Authorizations:			
Funded	C-7	284,320.50	297,807.21
Unfunded	C-7	4,418,587.10	5,776,423.26
General Serial Bonds	C-9	5,390,000.00	6,419,000.00
New Jersey Environmental Infrastructure Loan Payable	C-10	4,978,112.34	5,424,990.55
Bond Anticipation Notes	C-11	7,455,950.00	6,770,250.00
Reserve for Senior Citizens' Bus	C-12	<u>8,500.00</u>	<u>8,500.00</u>
		<u>\$22,620,174.74</u>	<u>\$24,712,975.82</u>
 Bonds and Notes Authorized but Not Issued	C-14	<u>\$ 2,871,298.27</u>	<u>\$ 2,871,298.27</u>

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See accompanying notes to financial statements.

TOWNSHIP OF BERKELEY HEIGHTS  
CAPITAL FIXED ASSETS

COMPARATIVE BALANCE SHEET - REGULATORY BASIS

G

<u>ASSETS</u>	Balance <u>Dec. 31, 2016</u>	Balance <u>Dec. 31, 2015</u>
Land and Buildings	\$ 39,658,500.00	\$ 39,658,500.00
Vehicles, Machinery and Equipment	<u>9,167,365.00</u>	<u>9,167,365.00</u>
	<u>\$ 48,825,865.00</u>	<u>\$ 48,825,865.00</u>
 <u>RESERVE</u>		
Investment in Capital Assets	<u>\$ 48,825,865.00</u>	<u>\$ 48,825,865.00</u>

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See accompanying notes to financial statements.

**NOTES TO FINANCIAL STATEMENTS**

**TOWNSHIP OF BERKELEY HEIGHTS**

**NOTES TO FINANCIAL STATEMENTS  
YEAR ENDED DECEMBER 31, 2016**

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**A. Reporting Entity**

The Township of Berkeley Heights is an instrumentality of the State of New Jersey established to function as a municipality. The Township Council consists of elected officials and is responsible for the fiscal control of the Township.

Except as noted below, the financial statements of the Township of Berkeley Heights include every board, body, officer or commission supported and maintained wholly or in part by funds appropriated by the Township of Berkeley Heights, as required by N.J.S.A. 40A:5-5. Accordingly, the financial statements of the Township of Berkeley Heights do not include the operations of the municipal library or the local school district, inasmuch as their activities are administered by separate boards.

**B. Measurement Focus, Basis of Accounting and Basis of Presentation**

**Description of Funds**

The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. GASB codification establishes the presentation of basic financial statements into three fund types, the governmental, propriety and fiduciary as well as government-wide financial reporting funds that must be used by governmental units when reporting financial position and results of operations in accordance with U.S. Generally Accepted Accounting Principles (GAAP).

The accounting policies of the Township of Berkeley Heights conform to the accounting principles applicable to municipalities which have been prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey. Such principles and practices are designed primarily for determining compliance with legal provisions and budgetary restrictions and as a means of reporting on the stewardship of public officials with respect to public funds. Under this method of accounting, the financial transactions and accounts of the Township of Berkeley Heights are organized on the basis of funds and an account group which is different from the fund structure required by GAAP. A fund or account group is an accounting entity with a separate set of self-balancing accounts established to record the financial position and results of operation of a specific governmental activity. As required by the Division of Local Government Services, the Township accounts for its financial transactions through the following individual funds and account group:

Current Fund - Resources and expenditures for governmental operations of a general nature, including federal and state grant funds.

Trust Funds - Receipts, custodianship and disbursements of funds in accordance with the purpose of which each reserve was created.

General Capital Fund - Receipt and disbursement of funds for the acquisition of general capital facilities, other than those acquired in the Current Fund.

Capital Fixed Assets Account - These accounts reflect estimated valuations of land, buildings and certain movable fixed assets of the Township as discussed under the caption of "Basis of Accounting".

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**B. Measurement Focus, Basis of Accounting and Basis of Presentation (Continued)**

**Basis of Accounting**

The accounting principles and practices prescribed for municipalities by the Division of Local Government Services, Department of Community Affairs, State of New Jersey, differ in certain respects from generally accepted accounting principles. The accounting system is maintained on the modified accrual basis with certain exceptions. Significant accounting policies in New Jersey are summarized as follows:

**Property Taxes and Other Revenue**

Property taxes and other revenue are realized when collected in cash or approved by regulation for accrual from certain sources of the State of New Jersey and the Federal Government. Accruals of taxes and other revenue are otherwise deferred as to realization by the establishment of offsetting reserve accounts. GAAP requires such revenue to be recognized in the accounting period when they become susceptible to accrual, reduced by an allowance for doubtful accounts.

**Grant Revenue**

Federal and State grants, entitlements or shared revenue received for purposes normally financed through the Current Fund are recognized when anticipated in the Township of Berkeley Heights budget. GAAP requires such revenue to be recognized in the accounting period when they become susceptible to accrual.

**Expenditures**

Expenditures for general and utility operations are generally recorded on the accrual basis. Unexpended appropriation balances, except for amounts which may have been cancelled by the governing body or by statutory regulation, are automatically recorded as liabilities at December 31<sup>st</sup> of each year, under the title of "Appropriation Reserves".

Grant appropriations are charged upon budget adoption to create spending reserves.

Budgeted transfers to the Capital Improvement Fund are recorded as expenditures to the extent permitted by law.

Expenditures from Trust and Capital Funds are recorded upon occurrence and charged to accounts statutorily established for specific purposes.

Budget Appropriations for interest on General Capital Long-Term Debt is raised on the cash basis and is not accrued on the records; interest on Utility Debt is raised on the accrual basis and so recorded.

GAAP requires expenditures to be recognized in the accounting period in which the fund liability is incurred, if measurable, except for unmatured interest on general long-term debt, which should be recognized when due.

**Encumbrances**

As of January 1, 1986 all local units were required by Technical Accounting Directive No. 85-1, as promulgated by the Division of Local Government Services, to maintain an encumbrance accounting system. The directive states that contractual orders outstanding at December 31<sup>st</sup> are reported as expenditures through the establishment of an encumbrance payable. Encumbrances do not constitute expenditures under GAAP.

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**B. Measurement Focus, Basis of Accounting and Basis of Presentation (Continued)**

**Basis of Accounting (Continued)**

**Appropriation Reserves**

Appropriation reserves are available, until lapsed at the close of the succeeding year, to meet specific claims, commitments or contracts incurred during the preceding year. Lapsed appropriation reserves are recorded as additions to income. Appropriation reserves do not exist under GAAP.

**Compensated Absences**

Expenditures relating to obligations for unused vested accumulated sick, vacation and compensatory pay are not recorded until paid. GAAP requires that the amount that would normally be liquidated with expendable available financial resources be recorded as an expenditure in the operating funds and the remaining obligations be recorded as a long-term obligation.

**Property Acquired for Taxes**

Property Acquired for Taxes (Foreclosed Property) is recorded in the Current Fund at the assessed valuation during the year when such property was acquired by deed or foreclosure and is offset by a corresponding reserve account. GAAP requires such property to be recorded in the capital fixed assets account group at market value on the date of acquisition.

**Self-Insurance Contributions**

Contributions to self-insurance funds are charged to budget appropriations. GAAP requires that payments be accounted for as an operating transfer and not as an expenditure.

**Interfunds Receivable**

Interfunds Receivable in the Current Fund are generally recorded with offsetting reserves which are established by charges to operations. Collections are recognized as income in the year that the receivables are realized. Interfunds Receivable of all other funds are recorded as accrued and are not offset with reserve accounts. Interfunds Receivable of one fund are offset with Interfunds Payable of the corresponding fund. GAAP does not require the establishment of an offsetting reserve.

**Capital Fixed Assets**

N.J.A.C. 5:30-5.6, Accounting for Governmental Fixed Assets, as promulgated by the Division of Local Government Services, which differs in certain respects from generally accepted accounting principles, requires the inclusion of a statement of general fixed assets of the Township as part of its basic financial statements. Capital fixed assets are defined as nonexpendable personal property having a physical existence, a useful life of more than one year and an acquisition cost of \$1,000.00 or more per unit.

Public domain ("infrastructure") capital fixed assets consisting of certain improvements other than buildings, such as roads, bridges, curbs and gutters, streets and sidewalks and drainage systems are not capitalized. No depreciation has been provided on general fixed assets or reported in the financial statements.

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**B. Measurement Focus, Basis of Accounting and Basis of Presentation (Continued)**

**Basis of Accounting (Continued)**

**Capital Fixed Assets (Continued)**

The Township has developed a fixed assets accounting and reporting system based on an inspection and valuation prepared by an independent appraisal firm. Fixed assets are valued at historical cost or estimated historical cost if actual historical cost is not available. Land is stated at the assessed value contained in the Township's most recent property revaluation. Buildings are stated at the most recent insurance replacement value. Capital Fixed Assets that have been acquired and are utilized in a governmental fund operation are accounted for in the Capital Fixed Assets Account Group rather than in a governmental fund.

Expenditures for construction in progress are recorded in the Capital Funds until such time as the construction is completed and put into operation.

Fixed assets acquired through grants-in-aid or contributed capital have not been accounted for separately.

**Inventories of Supplies**

The cost of inventories of supplies for all funds are recorded as expenditures at the time individual items are purchased. The cost of inventories are not included on the various balance sheets. GAAP requires the cost of inventories to be reported as a current asset and equally offset by a fund balance reserve.

**C. Basic Financial Statements**

The GASB codification also defines the financial statements of a governmental unit to be presented in the general purpose financial statements to be in accordance with GAAP. The Township presents the financial statements listed in the table of contents of the "Requirements of Audit and Accounting Revision of 1987" as prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey and which differ from the financial statements by GAAP. The differences, although not reasonably determinable, are presumed to be material.

**D. Recent Accounting Pronouncements**

In June 2015, the Government Accounting Standards Board issued GASB Statement No. 73, Accounting and Financial Reporting for Pensions and Related Assets That Are Not Within the Scope of GASB Statement 68 and Amendments to Certain Provisions of GASB Statements 67 and 68. This Statement is effective for periods beginning after June 15, 2015 - except those provisions that address employers and governmental nonemployer contributing entities for pensions that are not within the scope of Statement 68, which are effective for financial statements for periods beginning after June 15, 2016. The Township is currently reviewing what effect, if any, this Statement might have on future financial statements.

In June 2015, the Government Accounting Standards Board issued GASB Statement No. 74, Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans. This Statement applies to OPEB plans and basically parallels GASB Statement 67 and replaces GASB Statement 43 and is effective for periods beginning after June 15, 2016. The Township is currently reviewing what effect, if any, this Statement might have on future financial statements.

In June 2015, the Government Accounting Standards Board issued GASB Statement No. 75, Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions. This Statement applies to government employers who provided OPEB plans to their employees and basically parallels GASB Statement 68 and replaces GASB Statement 45. The Statement is effective for periods beginning after June 15, 2017. The Township is currently reviewing what effect, if any, this Statement might have on future financial statements.

## 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

### D. Recent Accounting Pronouncements (Continued)

In June 2015, the Government Accounting Standards Board issued GASB Statement No. 76, *The Hierarchy of Generally Accepted Accounting Principles for State and Local Governments*, which reduces the GAAP hierarchy to two categories of authoritative GAAP from the four categories under GASB Statement No. 55, *The Hierarchy of Generally Accepted Accounting Principles for State and Local Governments*. The first category of authoritative GAAP consists of GASB Statements of Governmental Accounting Standards. The second category comprises GASB Technical Bulletins and Implementation Guides, as well as guidance from the American Institute of Certified Public Accountants that is cleared by the GASB. This Statement is effective for periods beginning after June 15, 2015. The Township is currently reviewing what effect, if any, this Statement might have on future financial statements.

In August 2015, the Government Accounting Standards Board issued GASB Statement No. 77, *Tax Abatement Disclosures*, which improve financial reporting by giving users of financial statements essential information that is not consistently or comprehensively reported to the public at present. Disclosure of information about the nature and magnitude of tax abatements will make these transactions more transparent to financial statement users. As a result, users will be better equipped to understand (1) how tax abatements affect a government's future ability to raise resources and meet its financial obligations and (2) the impact those abatements have on a government's financial position and economic condition. The Township is currently reviewing what effect, if any, this Statement might have on future financial statements.

In December 2015, the Government Accounting Standards Board issued GASB Statement No. 78, *Pensions Provided Through Certain Multiple-Employer Defined Benefit Pension Plans*. The objective of this Statement is to address a practice issue regarding the scope and applicability of Statement No. 68, *Accounting and Financial Reporting for Pensions*. This issue is associated with pensions provided through certain multiple-employer defined benefit pension plans and to state or local governmental employers whose employees are provided with such pensions. This Statement is effective for reporting periods beginning after December 15, 2015. The Township is currently reviewing what effects, if any, this Statement might have on future financial statements.

In December 2015, the Government Accounting Standards Board issued GASB Statement No. 79, *Certain External Investment Pools and Pool Participants*. This Statement addresses accounting and financial reporting for certain external investment pools and pool participants. Specifically, it established criteria for an external investment pool to qualify for making the election to measure all of its investments at amortized cost for financial reporting purposes. This Statement is effective for periods beginning after June 15, 2015, and for certain provisions, periods beginning after December 15, 2015. The Township is currently reviewing what effects, if any, this Statement might have on future financial statements.

In January 2016, the Government Accounting Standards Board issued GASB Statement No. 80, *Blending Requirements for Certain Component Units - An Amendment of GASB Statement No. 14*. The objective of this Statement is to improve financial reporting by clarifying the financial statement presentation requirements for certain component units. This Statement amends the blending requirements established in paragraph 53 of Statement No. 14, *The Financial Reporting Entity*, as amended and is effective for reporting periods beginning after June 15, 2016. The Township is currently reviewing what effect, if any, this Statement might have on future financial statements.

In March 2016, the Government Accounting Standards Board issued GASB Statement No. 81, *Irrevocable Split-Interest Agreements*. The objective of this Statement is to improve accounting and financial reporting for irrevocable split-interest agreements by providing recognition and measurement guidance for situations in which a government is a beneficiary of the agreement and is effective for reporting periods beginning after December 15, 2016. The Township is currently reviewing what effect, if any, this Statement might have on future financial statements.

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**D. Recent Accounting Pronouncements (Continued)**

In March 2016, the Government Accounting Standards Board issued GASB Statement No. 82, Pension Issues - An Amendment of GASB Statements No. 67, No. 68 and No. 73. The objective of this Statement is to address certain issues that have been raised with respect to Statements No. 67, *Financial Reporting for Pensions, No. 68, Accounting and Financial Reporting for Pensions, and No. 73, Accounting and Financial Reporting for Pensions and Related Assets That Are Not Within the Scope of GASB Statement 68, and Amendments to Certain Provisions of GASB Statements 67 and 68*. Specifically, this Statement addresses issues regarding (1) the presentation of payroll-related measures in required supplementary information, (2) the selection of assumptions and the treatment of deviations from the guidance in an Actuarial Standard of Practice for financial reporting purposes, and (3) the classification of payments made by employers to satisfy employee (plan member) contribution requirements and is effective for reporting periods beginning after June 15, 2017. The Township is currently reviewing what effect, if any, this Statement might have on future financial statements.

In November 2016, the Government Accounting Standards Board issued GASB Statement No. 83, Certain Asset Retirement Obligations. This Statement addresses accounting and financial reporting for certain asset retirement obligations (ARO's). An ARO is a legally enforceable liability associated with the retirement of a tangible capital asset. A government that has legal obligations to perform future asset retirement activities related to its tangible capital assets should recognize a liability based on the guidance in this Statement and is effective for reporting periods beginning after June 15, 2017. The Township is currently reviewing what effect, if any, this Statement might have on future financial statements.

**2. CASH, CASH EQUIVALENTS AND INVESTMENTS**

**A. Cash and Cash Equivalents**

As of December 31, 2016 and 2015, the Township's cash, cash equivalents and investments consisted of:

	<u>2016</u>	<u>2015</u>
TD Bank - Checking Accounts	<u>\$ 11,133,190.19</u>	<u>\$ 12,167,927.20</u>

The carrying amount of the Township's cash, cash equivalents and investments at December 31, 2016 was \$11,276,236.81. Of the bank balance 2,117,143.66 was covered by Federal Depository Insurance and \$9,159,093.15 was covered by the Governmental Unit Deposit Protection Act (GUDPA), N.J.S.A. 17:9-41, se seq., for all New Jersey governmental units' deposits in excess of the Federal deposit maximums.

During the year, the Township had none of its idle funds invested in repurchase agreements collateralized by eligible securities. At the close of 2016 and 2015, no such investments were held by the Township.

As of December 31, 2016 and 2015, the Township had no investments.

**B. Investments**

New Jersey statutes permit the Township to purchase the following types of securities:

- Bonds or other obligations of the United States of America or obligations guaranteed by the United States of America. This includes instruments such as Treasury bills, notes and bonds.
- Government money market mutual funds.
- Any federal agency or instrumentality obligation authorized by Congress that matures within 397 days from the date of purchase, and has a fixed rate of interest not dependent on any index or external factors.



3. **MUNICIPAL DEBT (Continued)**

**Borrowing Power Under N.J.S.A. 40A:2-6 as Amended**

\*Equalized Valuation Basis is the average of the equalized valuation of real estate, including improvements, and the assessed valuation of Class II Railroad Property of the Township of Berkeley Heights for the last three (3) preceding years.

Equalized Valuation Basis* - December 31, 2016	<u>\$ 3,228,859,777.33</u>
3 1/2% of Equalized Valuation Basis	\$ 113,010,092.20
Net Debt	<u>20,695,360.61</u>
Remaining Borrowing Power	<u>\$ 92,314,731.59</u>

**Long-Term Debt**

As of December 31, 2016, the Township's long-term debt is as follows:

**General Serial Bonds**

\$7,604,000.00, 2009 Bonds due in annual installments of \$460,000.00 through December, 2018 at interest rates between 2.500% and 2.750%.	\$ 920,000.00
\$4,775,000.00, 2016 Refunding Bond due in annual installments of \$285,000.00 to \$440,000.00 through December, 2027 at interest rates between 2.000% and 4.000%.	<u>4,470,000.00</u>
	<u>\$5,390,000.00</u>

**Environmental Infrastructure Loans**

\$980,000.00, 2001 Loan due in annual remaining installments of \$65,000.00 to \$80,000.00 through August, 2021 at interest rates between 4.75% and 5.00%.	\$ 355,000.00
\$1,000,000.00, 2001 Interest Free Loan due in annual remaining installments of between \$51,152.52 and \$54,183.53 through August, 2021.	264,127.89
\$290,000.00, 2004 Loan due in annual remaining installments of \$15,000.00 and \$25,000.00 through August, 2024 at interest rates between 4.25% and 5.00%.	155,000.00

**3. MUNICIPAL DEBT (Continued)**

**Environmental Infrastructure Loans (Continued)**

\$294,120.00, 2004 Interest Free Loan due in annual remaining installments of between \$13,953.53 and \$16,783.69 through August, 2024.	\$ 122,176.96
\$2,190,000.00, 2007 Loan due in annual remaining installments of \$110,000.00 and \$175,000.00 through August, 2027 at interest rates between 4.00% and 5.00%.	1,535,000.00
\$2,030,000.00, 2007 Interest Free Loan due in annual remaining installments of between \$111,708.87 and \$114,317.33 through August, 2027.	1,239,998.47
\$905,000.00, 2009 Loan due in annual remaining installments of \$40,000.00 and \$65,000.00 through August, 2029 at interest rates between 3.50% and 5.00%.	690,000.00
\$901,490.00, 2009 Interest Free Loan due in annual remaining installments of \$47,446.83 through August, 2029.	<u>616,809.02</u>
	<u><u>\$4,978,112.34</u></u>

**Bonds and Notes Authorized but Not Issued**

At December 31, 2016, the Township has authorized but not issued bonds and notes as follows:

General Capital Fund	<u><u>\$2,871,298.27</u></u>
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**Schedule of Annual Debt Service for Principal and Interest for Bonded Debt Issued and Outstanding December 31, 2016**

<u>Year</u>	<u>General Capital</u>		<u>Total</u>
	<u>Principal</u>	<u>Interest</u>	
2017	\$ 745,000.00	\$139,700.00	\$ 884,700.00
2018	740,000.00	122,500.00	862,500.00
2019	430,000.00	104,250.00	534,250.00
2020	430,000.00	95,650.00	525,650.00
2021	430,000.00	87,050.00	517,050.00
2022	435,000.00	78,450.00	513,450.00
2023	435,000.00	65,400.00	500,400.00
2024	435,000.00	52,350.00	487,350.00
2025	440,000.00	39,300.00	479,300.00
2026	440,000.00	26,100.00	466,100.00
2027	430,000.00	12,900.00	442,900.00
	<u><u>\$5,390,000.00</u></u>	<u><u>\$823,650.00</u></u>	<u><u>\$6,213,650.00</u></u>

**3. MUNICIPAL DEBT (Continued)**

**Schedule of Annual Debt for Infrastructure Loan Payable**

<u>Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2017	\$ 457,628.80	\$122,393.76	\$ 580,022.56
2018	464,731.72	110,893.76	575,625.48
2019	483,127.00	98,893.76	582,020.76
2020	493,578.88	87,793.76	581,372.64
2021	508,865.29	76,431.26	585,296.55
2022	386,231.70	63,131.26	449,362.96
2023	394,335.27	53,381.26	447,716.53
2024	406,276.19	44,168.76	450,444.95
2025	376,528.99	34,125.00	410,653.99
2026	385,150.45	24,862.50	410,012.95
2027	396,764.16	15,037.50	411,801.66
2028	112,446.83	5,200.00	117,646.83
2029	112,447.06	2,600.00	115,047.06
	<u>\$4,978,112.34</u>	<u>\$738,912.58</u>	<u>\$5,717,024.92</u>

**Bond Anticipation Notes**

Outstanding Bond Anticipation Notes are summarized as follows:

	<u>Maturity Date</u>	<u>Interest Rate</u>	<u>Amount</u>
General Capital Fund	10/07/17	1.75%	\$ 7,455,950

Statutory requirements for providing sums equivalent to legally payable installments for the redemption of notes (budget appropriations) and permanent funding (bond issues) are summarized as follows:

<u>Notes Issued</u>	<u>Installments Due</u>	<u>Required as of October 1,</u>
2011	2014 - 2021	2022
2012	2015 - 2022	2023
2013	2016 - 2023	2024
2014	2017 - 2024	2025
2015	2018 - 2025	2026
2016	2019 - 2026	2027

**4. FUND BALANCES APPROPRIATED**

Fund balance at December 31, 2016, which was appropriated and included as anticipated revenue in the annual budget for the succeeding year is as follows:

	<u>Year</u>	<u>Balance December 31,</u>	<u>Succeeding Year</u>
Current Fund:	2016	\$ 1,554,403.68	\$ 750,000.00
	2015	1,268,862.63	775,000.00
	2014	1,054,844.93	825,000.00

**5. PROPERTY TAXES**

Property assessments are determined on true values and taxes are assessed based upon these values. The residential tax bill includes the levies for the Town, County and School purposes. Certified adopted budgets are submitted to the County Board of Taxation by each taxing district. The tax rate is determined by the board upon the filing of these budgets.

The tax bills are mailed by the Tax Collector annually in June and are payable in four quarterly installments due the first of August and November of the current year and a preliminary billing due the first of February and May of the subsequent year. The August and November billings represent the third and fourth quarter installments and are calculated by taking the total year tax levy less the preliminary first and second quarter installments due February and May. The preliminary levy is based on one-half of the current year's total tax.

Tax installments not paid by the above due dates are subject to interest penalties determined by a resolution of the governing body. The rate of interest in accordance with the aforementioned resolution is 8% per annum on the first \$1,500.00 of delinquency and 18% on any delinquency in excess of \$1,500.00. The resolution also sets a grace period of ten days before interest is calculated.

Taxes unpaid on the 11<sup>th</sup> day of the eleventh month in the fiscal year when the taxes become in arrears are subject to the tax sale provisions of the New Jersey statutes. The municipality may institute in rem foreclosure proceedings after six months from the date of the sale if the lien has not been redeemed.

The following is a three year comparison of certain statistical information relative to property taxes and property tax collections for the current year and previous two years:

**Schedule of Tax Rates**

	<u>2016</u>	<u>2015</u>	<u>2014</u>
Tax Rate	<u>\$ 3.969</u>	<u>\$ 3.947</u>	<u>\$ 3.844</u>
Apportionment of Tax Rate:			
Municipal	\$ 0.699	\$ 0.691	\$ 0.658
Municipal Library	0.060	0.059	0.060
County*	0.976	0.961	0.946
School	2.234	2.236	2.180

\*Including County Vocational School

**Assessed Valuations**

<u>Year</u>	<u>Amount</u>
2016	\$ 1,812,644,964.00
2015	1,770,463,500.00
2014	1,763,905,287.00

**Comparison of Tax Levies and Collections**

<u>Year</u>	<u>Tax Levy</u>	<u>Collections</u>	<u>Percentage of Collections</u>
2016	\$72,168,809.32	\$71,549,686.31	99.14%
2015	70,439,520.48	69,737,039.03	99.00
2014	67,967,160.09	66,853,691.97	98.36

**5. PROPERTY TAXES (Continued)**

**Delinquent Taxes and Tax Title Liens**

<u>Year</u>	<u>Amount of Delinquent Taxes</u>	<u>Tax Title Liens</u>	<u>Total Delinquent</u>	<u>Percentage of Tax Levy</u>
2016	\$ 421,307.24	\$ 84,340.53	\$ 505,647.77	.70%
2015	498,570.71	77,176.48	575,747.19	.80
2014	525,784.70	74,719.27	600,503.97	.88

**6. SEWER BILLINGS AND COLLECTION**

<u>Year</u>	<u>Billing</u>	<u>Sewer Collections</u>
2016	\$ 282,159.34	\$ 266,333.34
2015	295,987.64	417,771.54
2014	250,048.24	97,975.41

Collections include realization of prior year uncollected balances and sewer liens.

**7. PENSION PLANS**

**Description of Systems**

Substantially all of the Township's employees participate in one of the following contributory defined benefit public employee retirement systems which have been established by State Statute: the Public Employees' Retirement System (PERS) or the Police and Firemen's Retirement System (PFRS). These systems are sponsored and administered by the New Jersey Division of Pensions and Benefits. The Public Employees' Retirement System and the Police and Firemen's Retirement System are considered a cost-sharing multiple-employer plan.

The amount of the Township's contribution is certified each year by PERS and PFRS on the recommendation of the actuary, who makes an annual actuarial valuation. The valuation is based on a determination of the financial condition of the retirement system. It includes the computation of the present dollar value of benefits payable to former and present members and the present dollar value of future employer and employee contributions, giving effect to mortality among active and retired members and also to the rates of disability, retirement, withdrawal, former service, salary and interest. In accordance with State statute, the long-term expected rate of return on plan investments is determined by the State Treasurer, after consultation with the Directors of the Division of Investments and Division of Pensions and Benefits, the board of trustees and the actuaries. Specific information on actuarial assumptions and rates of return can be found at [www.state.nj.us/treasury/pensions/annrprts.shtml](http://www.state.nj.us/treasury/pensions/annrprts.shtml).

The actuarially determined employer contribution includes funding for cost-of-living adjustments and noncontributory death benefits in the PERS and PFRS. In the PERS and PFRS the employer contribution includes funding for post-retirement medical premiums.

7. **PENSION PLANS (Continued)**

**Description of Systems (Continued)**

	PERS		
	<u>2016</u>	<u>2015</u>	<u>2014</u>
Covered Employee Payroll	\$ 2,793,203	\$ 2,621,279	\$ 2,654,278
Total Payroll	7,543,468	7,635,361	7,040,566
Actuarial Contribution Requirements	359,573	347,771	315,396
Total Contributions	543,435	529,550	498,237
Employer Share	359,573	347,771	315,396
% of Covered Payroll	12.87%	13.27%	11.88%
Employee's Share	183,862	181,779	182,841
% of Covered Payroll	6.58%	6.93%	6.89%
	PFRS		
	<u>2016</u>	<u>2015</u>	<u>2014</u>
Covered Employee Payroll	\$ 2,657,618	\$ 2,712,229	\$ 2,717,295
Total Payroll	7,543,468	7,635,361	7,040,566
Actuarial Contribution Requirements	711,549	709,764	660,854
Total Contributions	977,343	980,436	927,478
Employer Share	711,549	709,764	660,854
% of Covered Payroll	26.77%	26.17%	24.32%
Employee's Share	265,794	270,672	266,574
% of Covered Payroll	10.00%	9.98%	9.81%

**Assumptions**

The total PERS and PFRS pension liability for June 30, 2016 measurement date was determined by an actuarial valuation as of July 1, 2015 using an actuarial experience study for the period July 1, 2011 to June 30, 2014. The pension liability was rolled forward to June 30, 2016. The actuarial valuation used an inflation rate of 3.08%, projected salary increases to 2026 of 1.65% to 4.15% for PERS and 2.10% to 8.98% for PFRS based on age and thereafter 2.65% to 5.15% for PERS and 3.10% to 9.98% for PFRS based on age and an investment rate of return of 7.65%.

The discount rate used to measure the total pension liability was 3.98% for PERS and 5.55% for PFRS as of June 30, 2016. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current member contribution rates and that contributions from employers will be made based on the contribution rate in the most recent fiscal year. The State employer contributed 30% of the actuarially determined contributions and the local employers contributed 100% of their actuarially determined contributions. Based on those assumptions, the plan's fiduciary net position was projected to be available to make projected future benefit payments of current plan members through 2034 for PERS and 2050 for PFRS. Therefore, the long-term expected rate of return on plan investments was applied to projected benefit payments through 2034 for PERS and 2050 for PFRS and the municipal bond rate was applied to projected benefit payments after that date in determining the total pension liability. More information on mortality rates and other assumptions, and investment policies, can be found at [www.state.nj.us/treasury/pensions/annrpts.shtml](http://www.state.nj.us/treasury/pensions/annrpts.shtml).

**7. PENSION PLANS (Continued)**

**Public Employees' Retirement System:**

The Public Employees' Retirement System (PERS) was established as of January 1, 1955 under the provisions of N.J.S.A. 43:15A to provide retirement, death, disability and medical benefits to certain qualified members. The Public Employees' Retirement System is a cost-sharing multiple-employer plan. Membership is mandatory for substantially all full-time employees of the State of New Jersey or any county, municipality, school district or public agency, provided the employee is not required to be a member of another State-administered retirement system or other state of local jurisdiction.

**Significant Legislation**

P.L. 2011, c. 78, effective June 28, 2011, made various changes to the manner in which PERS operates and to the benefit provisions of that system. Provisions impacting employee pension and health benefits include:

- New members of PERS hired on or after June 28, 2011 (Tier 5 members), will need 30 years of creditable service and age 65 for receipt of the early retirement benefit without a reduction of ¼ to 1 percent for each month that the member is under age 65.
- The eligibility age to qualify for a service retirement in the PERS is increased from age 62 to 65 for Tier 5 members.
- Active member contribution rates will increase. PERS active member rates increase from 5.5 percent of annual compensation to 6.5 percent plus an additional 1 percent phased-in over 7 years. For Fiscal Year 2013, the member contribution rates increased in July 2013. The phase-in of the additional incremental member contributions for PERS members will take place in July of each subsequent fiscal year.
- The payment of automatic cost-of-living adjustment (COLA) additional increases to current and future retirees and beneficiaries is suspended until reactivated as permitted by this law.

In addition, the method for amortizing the pension systems' unfunded accrued liability changed (from a level percent of pay method to a level dollar of pay).

The following presents the Township's proportionate share of the PERS net pension liability calculated using the discount rate of 3.98% and 4.90% as of June 30, 2016 and 2015, respectively, as well as what the PERS net pension liability would be if it were calculated using a discount rate that is one percentage point lower or one percentage point higher than the assumed rate.

**Sensitivity of the Township's Proportionate Share of the PERS Local Share  
Net Pension Liability to Changes in the Discount Rate**

	At 1% Decrease <u>(2.98%)</u>	At Current Discount Rate <u>(3.98%)</u>	At 1% Increase <u>(4.98%)</u>
2016	<u>\$ 14,689,278</u>	<u>\$ 11,987,497</u>	<u>\$ 9,756,942</u>
	At 1% Decrease <u>(3.90%)</u>	At Current Discount Rate <u>(4.90%)</u>	At 1% Increase <u>(5.90%)</u>
2015	<u>\$ 11,285,903</u>	<u>\$ 9,080,462</u>	<u>\$ 7,231,436</u>

**7. PENSION PLANS (Continued)**

**Police and Firemen's Retirement System:**

The Police and Firemen's Retirement System (PFRS) was established in July, 1944 under the provisions of N.J.S.A. 43:16A to provide coverage to substantially all full time county and municipal police and firemen and State firemen appointed after June 30, 1944. Membership is mandatory for such employees. Members may opt for Service Retirement if over age 55 or Special Retirement at any age if they have a minimum of 25 years of service or 20 years of service if enrolled in the PFRS as of January 18, 2000. Retirement benefits vary depending on age and years of service.

Chapter 428, Public Law of 1999, effective January 18, 2000, allows a member, age 55 and older with 20 or more years of service, to retire with a benefit equaling 50% of final compensation, in lieu of the regular retirement allowance available to the member. Final compensation means the compensation received by the member in the last twelve months of creditable service preceding retirement.

In addition, a member of the system as of the effective date of this law may retire with 20 or more years of service with a retirement allowance of 50% of final compensation, regardless of age, and, if required to retire because of attaining the mandatory retirement age of 65, an additional 3% of final compensation for every additional year of creditable service up to 25 years.

P.L. 2011, c. 78, effective June 28, 2011, made various changes to the manner in which PFRS operates and to the benefit provisions of that system.

This new legislation's provisions impacting employee pension and health benefits include:

- The annual benefit under special retirement for new PFRS members enrolled after June 28, 2011 (Tier 3 members), will be 60 percent instead of 65 percent of the member's final compensation plus 1 percent for each year of creditable service over 25 years but not to exceed 30 years.

The following presents the Township's proportionate share of the PFRS net pension liability calculated using the discount rate of 5.55% and 5.79% as of June 30, 2016 and 2015, respectively, as well as what the PFRS net pension liability would be if it were calculated using a discount rate that is one percentage point lower or one percentage point higher than the assumed rate.

***Sensitivity of the Township's Proportionate Share of the PFRS Local Share  
Net Pension Liability to Changes in the Discount Rate***

	At 1% Decrease <u>(4.55%)</u>	At Current Discount Rate <u>(5.55%)</u>	At 1% Increase <u>(6.55%)</u>
2016	<u>\$ 23,313,669</u>	<u>\$ 18,070,768</u>	<u>\$ 13,813,433</u>
	At 1% Decrease <u>(4.79%)</u>	At Current Discount Rate <u>(5.79%)</u>	At 1% Increase <u>(6.79%)</u>
2015	<u>\$ 15,659,878</u>	<u>\$ 14,544,113</u>	<u>\$ 11,047,242</u>

## 7. PENSION PLANS (Continued)

### ***Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pension***

Although the Division administers one cost-sharing multiple-employer defined benefit pension plan, separate (sub) actuarial valuations are prepared to determine the actuarially determined contribution rate by group. Following this method, the measurement of the collective net pension liability, deferred outflows of resources, deferred inflows of resources and pension expense excluding that attributable to employer-paid member contributions are determined separately for each individual employer of the State and local groups.

To facilitate the separate (sub) actuarial valuations, the Division maintains separate accounts to identify additions, deductions, and fiduciary net position applicable to each group. The allocation percentages presented for each group in the schedule of employer allocations are applied to amounts presented in the schedules of pension amount by employer. The allocation percentages for each group as of June 30, 2016 and 2015 are based on the ratio of each employer's contributions to total employer contributions of the group for the fiscal years ended June 30, 2016 and 2015, respectively.

Following is the total of the Township's portion of the PERS and PFRS net pension liabilities, deferred outflows of resources and deferred inflows of resources related to pensions and the pension expense and expenditures for the fiscal year ended June 30, 2016:

	<u>PERS</u>	<u>PFRS</u>
Net Pension Liabilities	\$ 11,987,497	\$ 18,070,768
Deferred Outflow of Resources	3,441,586	3,792,382
Deferred Inflow of Resources	362,996	114,769
Pension Expense	754,020	1,166,912
Contributions Made After Measurement Date	359,573	711,549

GASB Statement No. 68, *Accounting and Financial Reporting for Pensions*, requires participating employers in PERS to recognize their proportionate share of the collective net pension liability, collected deferred outflows of resources, collective deferred inflows of resources and collective pension expense excluding that attributable to employer-paid member contributions. The employer allocation percentages presented in the PERS schedule of employer allocations and applied to amounts presented in the PERS schedule of pension amounts by employer are based on the ratio of the contributions as an individual employer to total contributions to the PERS and PFRS during the years ended June 30, 2016 and 2015. The Township's proportionate share of the collective net pension liability as of June 30, 2016 and 2015 was .0404% and .0405% for PERS and .0872% and .0873% for PFRS, respectively.

It is important to note that New Jersey's municipalities and counties do not follow GAAP accounting principles and, as such, do not follow GASB requirements with respect to recording the net pension liability as a liability on their balance sheets. However, N.J.A.C. 5:30-6.1(c)(2) requires municipalities and counties to disclose GASB 68 information in the Notes to the Financial Statements.

**7. PENSION PLANS (Continued)**

***Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pension (Continued)***

At June 30, 2016, the amount determined as the Township's proportionate share of the PERS net pension liability was \$11,987,497. For the year ended June 30, 2016, the Township would have recognized PERS pension expense of \$754,020. At June 30, 2016, deferred outflows of resources and deferred inflows of resources related to the PERS pension are as follows:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Difference Between Expected and Actual Experience	\$ 222,931	\$
Change of Assumptions	2,483,169	
Net Difference Between Projected and Actual Investment Earnings	457,094	
Net Change in Proportions	278,392	362,996
Total Contributions and Proportionate Share of Contributions After the Measurement Date	<u>359,573</u>	
	<u>\$ 3,801,159</u>	<u>\$ 362,996</u>

At June 30, 2016, the amount determined as the Township's proportionate share of the PFRS net pension liability was \$18,070,768. For the year ended June 30, 2016 the Township would have recognized PFRS pension expense of \$1,166,912. At June 30, 2016, deferred outflows of resources and deferred inflows of resources related to the PFRS pension are as follows:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Difference Between Expected and Actual Experience	\$	\$ 109,280
Change of Assumptions	2,309,047	
Net Difference Between Projected and Actual Investment Earnings	1,168,092	
Net Change in Proportions	315,243	5,489
Total Contributions and Proportionate Share of Contributions After the Measurement Date	<u>711,549</u>	
	<u>\$ 4,503,931</u>	<u>\$ 114,769</u>

## 7. PENSION PLANS (Continued)

### Long-Term Expected Rate of Return

The arithmetic mean return on the portfolio was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic rates of return for each major asset class included in the pension plan's target asset allocation as of June 30, 2016 are summarized in the following table:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
Cash	5.00%	0.87%
U.S. Treasuries	1.50%	1.74%
Investment Grade Credit	8.00%	1.79%
Mortgages	2.00%	1.67%
High Yield Bonds	2.00%	4.56%
Inflation-Indexed Bonds	1.50%	3.44%
Broad U.S. Equities	26.00%	8.53%
Developed Foreign Equities	13.25%	6.83%
Emerging Market Equities	6.50%	9.95%
Private Equity	9.00%	12.40%
Hedge Funds/Absolute Return	12.50%	4.68%
Real Estate (Property)	2.00%	6.91%
Commodities	0.50%	5.45%
Global Debt ex U.S.	5.00%	-0.25%
REIT	5.25%	5.63%

### Contributions Required and Made

Contributions made by employees for PERS and PFRS are currently 7.20% as of July 1, 2016 and 10.0% of their base wages, respectively. Employer contributions are actuarially determined on an annual basis by the Division of Pensions.

## 8. DEFINED CONTRIBUTION RETIREMENT PROGRAM

### Description of System

The Defined Contribution Retirement Program (DCRP) was established on July 1, 2007 for certain public employees under the provisions of Chapter 92, P.L. 2007 and Chapter 103, P.L. 2007. The program provides eligible members, with a minimum base salary of \$1,500.00 or more, with a tax-sheltered, defined contribution retirement benefit, in addition to life insurance and disability coverage. The DCRP is jointly administered by the Division of Pensions and Benefits and Prudential Financial.

If the eligible elected or appointed official will earn less than \$5,000.00 annually, the official may choose to waive participation in the DCRP for that office or position. This waiver is irrevocable.

As of May 21, 2010, the municipal base salary required for eligibility in the DCRP was increased to \$5,000.00.

## **8. DEFINED CONTRIBUTION RETIREMENT PROGRAM (Continued)**

### **Description of System (Continued)**

This retirement program is a new pension system where the value of the pension is based on the amount of the contribution made by the employee and employer and through investment earnings. It is similar to a Deferred Compensation Program where the employee has a portion of tax deferred salary placed into an account that the employee manages through investment options provided by the employer.

The law requires that three classes of employees enroll in the DCRP, detailed as follows:

- All elected officials taking office on or after July 1, 2007, except that a person who is reelected to an elected office held prior to that date without a break in service may remain in the Public Employees' Retirement System (PERS).
- A Governor appointee with the advice and consent of the Legislature or who serves at the pleasure of the Governor only during that Governor's term of office.
- Employees enrolled in the PERS on or after July 1, 2007 or employees enrolled in the PFRS after May 21, 2010 who earn salary in excess of established "maximum compensation" limits.
- Employees otherwise eligible to enroll in the PERS on or after November 2, 2008 who do not earn the minimum salary for PERS Tier 3, but who earn salary of at least \$5,000.00.
- Employees otherwise eligible to enroll in the PERS after May 21, 2010, who do not work the minimum number of hours per week required for PERS Tier 4 or Tier 5 enrollment (32 hours per week) but who earn salary of at least \$5,000.00 annually.

Notwithstanding the foregoing requirements, other employees who hold a professional license or certificate or meet other exceptions are permitted to join or remain in PERS.

### **Contributions Required and Made**

Contributions made by employees for DCRP are currently at 5.5% of their base wages. Member contributions are matched by a 3.0% employer contribution. Contributions to the plan for the past two years is as follows:

<u>Year</u>	<u>Employee</u>	<u>Employer</u>
2016	\$ 9,932.61	\$ 3,827.88
2015	5,423.56	2,958.32

## **9. COMPENSATED ABSENCES**

Under the terms of various contracts, employees are compensated for unused vacation time and personal days. The accumulated cost of such unpaid compensation is not required to be reported in the financial statements as presented but is estimated by the Township to be \$605,225.75. The Township appropriates annually the amounts required to be paid in any fiscal year in that year's budget and no liability is accrued at December 31, 2016. This amount has not been verified by audit.

## **10. CONTINGENT LIABILITIES**

The Township participates in several federal and state financial assistance grant programs. Entitlement to the funds is generally conditional upon compliance with terms and conditions of the grant agreements and applicable regulations, including the expenditures of funds for eligible purposes. These programs are subject to compliance and financial audits by the grantors or their representatives. As of December 31, 2016, the Township does not believe that any material liabilities will result from such audits.

**11. RISK MANAGEMENT**

The Township is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The Township maintains commercial insurance coverage covering each of those risks of loss. Management believes such coverage is sufficient to preclude any significant uninsured losses to the Township. Settled claims have not exceeded this commercial coverage in any of the past three fiscal years.

**New Jersey Unemployment Compensation Insurance** - The Township has elected to fund its New Jersey Unemployment Compensation Insurance under the "Benefit Reimbursement Method". Under this plan, the Township is required to reimburse the New Jersey Unemployment Trust Fund for benefits paid to its former employees and charged to its account with the State. The Township is billed quarterly for amounts due to the State. Below is a summary of Township contributions, employee contributions, reimbursements to the State for benefits paid, and the ending balance of the Township's expendable trust fund for the current and previous two years:

<u>Year</u>	<u>Township Contributions and Interest</u>	<u>Employee Contributions</u>	<u>Amount Reimbursed</u>	<u>Ending Balance</u>
2016	\$ 15,000.00	\$ *	\$ 9,401.01	\$ 102,684.78
2015	15,000.00	*	14,632.53	97,085.79
2014	20,000.00	*	14,274.10	96,718.32

\*Employee contributions were not transferred as of December 31, 2016.

**12. INTERFUND RECEIVABLES AND PAYABLES**

The following interfund balances remained on the balance sheet at December 31, 2016:

	<u>Interfund Receivable</u>	<u>Interfund Payable</u>
Current Fund	\$	\$ 462,325.63
Grant Fund	432,237.00	16,782.12
Trust Other Fund	21,089.10	
General Capital Fund	25,781.65	
	<u>\$ 479,107.75</u>	<u>\$ 479,107.75</u>

**Interfunds**

The balance sheets of the various funds as of December 31, 2016 reflect Interfunds Receivable and Payable. Subsequent to year-end, efforts should be undertaken to review and liquidate the interfunds that have occurred.

The cause of these interfunds relate to interest earned but not remitted to the corresponding fund, disbursements made by one fund on behalf of another fund, and lack of transferring budget revenue and/or appropriations from one fund to another.

In the case of the Current Fund, the effect of the Interfunds not being liquidated is a charge to operations (Fund Balance) and a decrease in surplus available. In other funds, the Interfunds do not represent charges to operations but should be liquidated regardless since each fund's cash requirements should stand on their own.

All Interfunds should be liquidated on a current basis.

### 13. DEFERRED COMPENSATION PLAN

The Township offers its employees a deferred compensation plan created in accordance with Internal Revenue Code Section 457. The plan, available to all Township employees, permits them to defer a portion of their salaries until future years. The Township does not make any contribution to the plan. The deferred compensation is not available to employees until retirement, death, disability, termination or financial hardships.

In accordance with the requirements of the Small Business Job Projection Act of 1996 and the funding requirements of Internal Revenue Code Section 457(g), the Township's Plan was amended to require that all amounts of compensation deferred under the Plan are held for the exclusive benefits of plan participants and beneficiaries. All assets and income under the Plan are held in trust, in annuity contracts or custodial accounts.

The Plan is administered by the Metlife.

The accompanying financial statements do not include the Township's Deferred Compensation Plan activities. The Township's Deferred Compensation Plan financial statements are contained in a separate review report.

### 14. OTHER POST-RETIREMENT EMPLOYEE BENEFITS

#### • Actuarial Accrued Liability

The Actuarial Accrued Liability ("AAL") as of December 31, 2011 is \$33,831,379 based upon a discount rate of 4.50% per annum and the plan provisions in effect on December 31, 2011.

#### • Annual Required Contribution

The Annual Required Contribution ("ARC") is the measure of annual cost on an accrual basis. It is comprised of the "Normal Cost" which is the portion of future liabilities attributable to the measurement year, plus 30 year amortization of the Unfunded Actuarial Accrued Liability ("UAAL"). As of the measurement date, the plan had no assets to offset any portion of the AAL, so the UAAL and AAL are equal.

The ARC as of December 31, 2011 is \$2,879,895 based upon a discount rate of 4.50% per annum and the plan provisions in effect on December 31, 2011. The breakdown of the ARC is as follows:

(1) Normal Cost	\$ 802,934
(2) Actuarial Accrued Liability	33,831,379
(3) Assets	-
(4) UAAL = (2) - (3)	33,831,379
(5) 30 Year Amortization of UAAL at Discount Rate	2,076,961
(6) ARC = (1) + (5)	2,879,895

This valuation has been conducted as of December 31, 2011 based upon census, plan design and claims information provided by the Fund. Census includes 50 participants currently receiving retiree benefits, and 57 active participants of whom 19 are eligible to retire as of the valuation date. The average age of the active population is 56 and the average age of the retiree population is 56.

Actuarial assumptions were selected with the intention of satisfying the requirements of New Jersey Local Finance Notice 2007-15 in addition to Statement of Government Accounting Standard Number 45.

#### 14. OTHER POST-RETIREMENT EMPLOYEE BENEFITS (Continued)

##### ▪ Annual Required Contribution (Continued)

Demographic assumptions were selected based on those used by the State Division of Pensions and Benefits in calculating pension benefits taken from the July 1, 2011 report from Buck Consultants. While some assumptions were simplified to reflect the smaller population, and to simplify the valuation process, the valuation results reasonably conform to the requirements of LFN 2007-15.

Healthcare (economic) assumptions were selected based on those used by the State Health Benefits Program in calculating SHBP member OPEB requirements taken from the July 1, 2011 report from Aon Consultants.

##### Key Actuarial Assumptions

<i>Mortality</i>	<i>RP 2000 Combined Healthy Male Mortality Rates Set Forward Three Years</i>
<i>Turnover</i>	<i>NJ State Pensions Ultimate Withdrawal Rates - prior to benefits eligibility</i>
<i>Assumed Retirement Age</i>	<i>At first eligibility after completing 25 years of service PBA and SOA: after attaining age 62 and completing 15 years of service all others</i>
<i>Full Attribution Period</i>	<i>Service to Assumed Retirement Age</i>
<i>Annual Discount Rate</i>	<i>4.50%</i>
<i>Medical Trend</i>	<i>9% in 2012, reducing by 0.5% per annum, leveling at 5% per annum in 2020</i>
<i>Medical Cost Aging Factor</i>	<i>NJSHBP Medical Morbidity Rates</i>

- Attribution Period - The attribution period begins with the date of hire and ends with full benefits eligibility date.
- Per Capita Cost Methods - The valuation reflects per capita net premium costs based on actual 2012 medical and prescription drug and dental husband and spouse premiums and the plan option selected. Plan selections are assumed to remain unchanged in retirement. The age specific cost was derived based on per person costs at the average age of the active population (56) and scaled to each age based on the medical cost aging factors. At age 65, Medicare becomes the primary payor of medical benefits and consequently, per capita plan costs are offset by Medicare payments. Thus, post 65 costs were decreased using the assumption that Medicare picks up 66.7% of combined medical/prescription drug costs. 2012 employer contributions for retiree benefits as reported by the Fund are \$849 thousand.
- Retiree Contributions - NJ Chapter 78 requires that certain future retirees contribute toward the cost of their benefits. Specifically, those who had retired prior to passage of Chapter 78 and those employees that had more than 25 years of service on the date of passage are grandfathered. All others are subject to the contribution rates in effect when they retire, but not less than 1.5% of their annual retirement allowance from the Public Employees' Retirement System. For purposes of this valuation, we have assumed that future retiree contribution percentages will be equal to the minimum percentage of premium so as not to understate actuarial measurements. Assumed percentages as follows: retiree only 4.5%, retiree and spouse 3.5%, family 3.0%. Based on retiree data, 60% of future retirees are assumed to be married and 40% are assumed to be single.
- Actuarial Valuation Method - Projected Unit Credit Funding Method.

## **15. TAX APPEALS**

There are several tax appeals filed with the State Tax Court of New Jersey requesting a reduction of assessments for the year 2016. Any reduction in assessed valuation will result in either the reduction being applied to subsequent taxes or a refund of prior years' taxes in the year of settlement, which may be funded from tax revenues through the establishment of a reserve or by the issuance of refunding bonds per N.J.S.A. 40A:2-51.

## **16. SECONDARY MARKET DISCLOSURE**

Solely for purposes of complying with Rule 15c2-12 of the Securities and Exchange Commission, as amended and interpreted from time to time (the "Rule"), and provided that the Bonds are not exempt from the Rule and provided that the Bonds are not exempt from the requirements in accordance with Paragraph (d) of the Rule, for so long as the Bonds remain outstanding (unless the Bonds have been wholly defeased), the municipality shall provide for the benefit of the holders of the Bonds and the beneficial owners thereof various financial documents relating to the financial conditions of the Municipal Securities Rulemaking Board through the Electronic Municipal Access Data Port (the "MSRB").

## **17. LITIGATION**

The Township Attorney's letter did not indicate any litigation, claims or contingent liabilities that are either not covered by the Township's insurance carriers or would have a material impact on the Township.

## **18. SUBSEQUENT EVENT**

The Township of Berkeley Heights has evaluated subsequent events that occurred after the balance sheet date, but before September 19, 2017. No items were determined to require disclosure.

TOWNSHIP OF BERKELEY HEIGHTS  
CURRENT FUND

CASH RECEIPTS AND DISBURSEMENTS  
COLLECTOR - TREASURER

A-4

	<u>Ref.</u>		<u>Regular Fund</u>
Balance December 31, 2015	A		\$ 3,249,322.74
Increased by Receipts:			
Miscellaneous Revenue Not Anticipated	A-2a	\$ 103,515.36	
Sewer Overpayment	A-7	14,791.32	
Petty Cash	A-9	1,000.00	
Accounts Payable	A-5	5,015.75	
Due from State of New Jersey per Ch. 20, P.L. 1971	A-10	91,750.00	
Taxes Receivable	A-11	71,771,852.00	
Revenue Accounts Receivable	A-12	3,593,366.06	
Prepaid Taxes	A-16	248,886.96	
Tax Overpayments	A-17	95,866.31	
Sewer User Charges Receivable	A-18	261,858.70	
Interfunds Receivable	A-22	215,334.79	
Due to State of New Jersey	A-25	<u>52,558.00</u>	
			<u>76,455,795.25</u>
			<u>79,705,117.99</u>
Decreased by Disbursements:			
2016 Budget Appropriations	A-3	16,766,930.20	
Petty Cash	A-9	1,000.00	
Accounts Payable	A-5	511.92	
Appropriation Reserves	A-13	894,540.87	
Refund of Tax Overpayments	A-17	94,075.29	
County Taxes	A-20	17,837,532.07	
Local School District Taxes	A-21	40,495,208.00	
Interfunds Payable	A-22	137,389.64	
Due to State of New Jersey	A-25	<u>48,579.00</u>	
			<u>76,275,766.99</u>
Balance December 31, 2016	A		<u><u>\$ 3,429,351.00</u></u>

TOWNSHIP OF BERKELEY HEIGHTS  
CURRENT FUND

ACCOUNTS PAYABLE - CURRENT FUND

A-5

	<u>Ref.</u>		
Balance December 31, 2015	A		\$63,204.49
Increased by:			
Refund of Prior Year Overpayments	A-4	\$ 5,015.75	
Transferred from Appropriation Reserves	A-13	<u>426.80</u>	
			<u>5,442.55</u>
			68,647.04
Decreased by:			
Cash Disbursements	A-4		<u>511.92</u>
Balance December 31, 2016	A		<u><u>\$68,135.12</u></u>

TAX TITLE LIENS

A-6

	<u>Ref.</u>		
Balance December 31, 2015	A		\$77,176.48
Increased by:			
Transfers from Taxes Receivable	A-11		<u>7,164.05</u>
Balance December 31, 2016	A		<u><u>\$84,340.53</u></u>

TOWNSHIP OF BERKELEY HEIGHTS  
CURRENT FUND

SEWER OVERPAYMENTS

A-7

	<u>Ref.</u>	
Balance December 31, 2015	A	\$ 44,812.15
Increased by:		
Overpayments	A-4	14,791.32
		<u>59,603.47</u>
Decreased by:		
Applied	A-18	4,474.64
		<u>4,474.64</u>
Balance December 31, 2016	A	<u>\$ 55,128.83</u>

CHANGE FUND

A-8

	<u>Ref.</u>	
Balance December 31, 2015	A	<u>\$ 400.00</u>
Balance December 31, 2016	A	<u>\$ 400.00</u>

PETTY CASH FUND

A-9

	<u>Ref.</u>	
Increased by:		
Cash Receipts	A-4	\$ 1,000.00
Decreased by:		
Cash Disbursements	A-4	1,000.00
		<u>1,000.00</u>
		<u>\$ -</u>

TOWNSHIP OF BERKELEY HEIGHTS  
CURRENT FUND

DUE FROM STATE OF NEW JERSEY  
PER CHAPTER 20, P.L. 1971

A-10

	<u>Ref.</u>		
Balance December 31, 2015	A		\$ 13,204.69
Decreased by:			
Veterans' Deductions per Tax Duplicate	Below	\$ 91,750.00	
Senior Citizens' Deductions Allowed by Tax Collector	Below	750.00	
Veterans' Deductions Allowed	Below	<u>250.00</u>	
			<u>92,750.00</u>
			105,954.69
Increased by:			
Prior Year Senior Citizen Deduction Disallowed by Tax Collector	A-1	2,685.99	
Received Cash from State	A-4	91,750.00	
Senior Citizens' Deductions Disallowed by Tax Collector	Below	<u>5,684.37</u>	
			<u>100,120.36</u>
Balance December 31, 2016	A		<u>\$ 5,834.33</u>
Calculation of State Share of 2016 Senior Citizens' <u>and Veterans' Deductions Allowed by Collector</u>			
Senior Citizens' Deductions per Tax Billings	Above	\$ 88,000.00	
Veterans' Deductions per Tax Billings	Above	3,750.00	
Senior Citizens' Deductions Allowed by Tax Collector	Above	750.00	
Veterans' Deductions Allowed	Above	<u>250.00</u>	
			\$ 92,750.00
Less: Senior Citizens' Deductions Disallowed by Tax Collector	Above		<u>5,684.37</u>
	A-11		<u>\$ 87,065.63</u>

TOWNSHIP OF BERKELEY HEIGHTS  
CURRENT FUND

A-11

TAXES RECEIVABLE AND ANALYSIS OF PROPERTY TAX LEVY

<u>Year</u>	<u>Balance</u> <u>Dec. 31, 2015</u>	<u>2016 Levy</u>	<u>Added</u> <u>Taxes</u>	<u>Collected</u> <u>2015</u>	<u>2016</u>	<u>Due from</u> <u>State of</u> <u>New Jersey</u>	<u>Transferred</u> <u>to Tax</u> <u>Title Lien</u>	<u>Cancelled</u>	<u>Balance</u> <u>Dec. 31, 2016</u>
2015	\$ 498,570.71	\$ 72,168,809.32	\$ 2,685.99	\$ 191,935.30	\$ 501,166.62	\$ 87,065.63	\$ 7,164.05	\$ 90.08	\$ 421,307.24
2016	<u>\$ 498,570.71</u>	<u>\$ 72,168,809.32</u>	<u>\$ 2,685.99</u>	<u>\$ 191,935.30</u>	<u>\$ 71,771,852.00</u>	<u>\$ 87,065.63</u>	<u>\$ 7,164.05</u>	<u>\$ 190,651.72</u>	<u>\$ 421,307.24</u>
<u>Reference</u>	A	Below	Reserve	A-2a.16	A-2.2a.4	A-2a.10	A-6	Reserve	A

ANALYSIS OF PROPERTY TAX LEVY

<u>Tax Yield</u>	<u>Ref.</u>
General Property Tax	\$ 71,905,713.18
Business Personal Tax - Utilities	38,167.65
Added Taxes	224,928.49
	<u>\$ 72,168,809.32</u>
	Above
<u>Tax Levy</u>	<u>Ref.</u>
County Taxes (Abstract)	\$ 17,701,334.11
County Added Taxes (N.J.S.A. 54:4-63.1 et seq.)	<u>55,254.09</u>
Local School District Tax (Abstract)	A-20
Local Taxes for Municipal Purposes (Budget)	A-21
Minimum Library Tax	A-2
Plus: Additional Tax Levied	A-2
	Reserve
	<u>182,413.12</u>
	<u>13,917,011.12</u>
	<u>\$ 17,756,588.20</u>
	<u>40,495,210.00</u>
	<u>\$ 72,168,809.32</u>
	Above

TOWNSHIP OF BERKELEY HEIGHTS  
CURRENT FUND

REVENUE ACCOUNTS RECEIVABLE

A-12

	<u>Ref.</u>	<u>Balance</u> <u>Dec. 31, 2015</u>	<u>Accrued</u>	<u>2016</u> <u>Collections</u>	<u>Balance</u> <u>Dec. 31, 2016</u>
Clerk:					
Alcoholic Beverage Licenses	A-2	\$	\$ 15,934.40	\$ 15,934.40	\$
Other Licenses	A-2		2,582.00	2,582.00	
Other Fees and Permits	A-2a		208,165.85	208,165.85	
Construction Code Official:					
Uniform Construction Code Fees	A-2		594,815.00	594,815.00	
Board of Health:					
Other Fees and Permits	A-2a		19,382.39	19,382.39	
Police Department:					
Other Fees and Permits	A-2a		9,063.75	9,063.75	
Municipal Court:					
Fines and Costs	A-2	6,467.12	140,094.16	139,685.23	6,876.05
Engineering/Planning Board:					
Fees and Permits	A-2a		113,455.55	113,455.55	
Interest and Cost on Taxes	A-2		121,534.56	121,534.56	
Recycling Rebate	A-2		16,683.00	16,683.00	
State of New Jersey:					
Energy Receipts Tax	A-2		1,381,425.00	1,381,425.00	
Consolidated Municipal Property					
Tax Relief Aid	A-2		159,166.00	159,166.00	
Uniform Fire Safety Act	A-2		55,121.72	55,121.72	
Cable TV Franchise Fee	A-2		197,585.55	197,585.55	
Library Reimbursement of Cost	A-2		257,250.00	257,250.00	
Board of Education - Fuel Reimbursement	A-2		14,804.82	14,804.82	
Rental of Township Property	A-2		286,711.23	286,711.24	
		<u>\$ 6,467.12</u>	<u>\$3,593,774.98</u>	<u>\$3,593,366.06</u>	<u>\$ 6,876.05</u>
<u>Reference</u>		<u>A</u>	<u>Reserve</u>	<u>A-4</u>	<u>A</u>

TOWNSHIP OF BERKELEY HEIGHTS  
CURRENT FUND

2015 APPROPRIATION RESERVES

A-13  
Sheet #1

<u>Appropriations</u>	<u>Balance</u> <u>Dec. 31, 2015</u>		<u>Modified</u>	<u>Paid and</u> <u>Committed</u>	<u>Balance</u> <u>Lapsed</u>
	<u>Encumbered</u>	<u>Unencumbered</u>			
<b><u>GENERAL GOVERNMENT</u></b>					
<b>Mayor:</b>					
Other Expenses	\$	\$ 591.00	\$ 591.00	\$	\$ 591.00
<b>Council:</b>					
Other Expenses	113.28	2,757.72	371.00	271.68	99.32
<b>Municipal Clerk:</b>					
Salaries and Wages		268.06	268.06		268.06
Other Expenses	6,025.17	21,807.13	7,832.30	5,893.64	1,938.66
<b>Financial Administration:</b>					
Salaries and Wages		115.85	115.85		115.85
Other Expenses	6,486.06	2,206.93	8,942.99	8,927.16	15.83
Annual Audit		6,300.00	6,300.00		6,300.00
<b>Insurance:</b>					
General Liability	5,637.18	6,592.73	12,229.91	5,823.05	6,406.86
Group Insurance Plans for Employees	821.16	52,818.88	53,640.04	815.44	52,824.60
Health Benefit Waiver	3,000.00	21,366.07	24,366.07	3,000.00	21,366.07
<b>Administrative and Executive:</b>					
Salaries and Wages		309.60	309.60		309.60
Other Expenses	6,570.82	12,599.58	9,920.40	9,367.09	553.31
<b>Collector of Taxes:</b>					
Salaries and Wages		1,865.19	115.19		115.19
Other Expenses	71.80	1,353.93	1,425.73	72.80	1,352.93
<b>Assessor of Taxes:</b>					
Salaries and Wages		5,153.33	3.33		3.33
Other Expenses	3,126.60	2,034.93	8,011.53	7,928.60	82.93
<b>Legal Services and Costs:</b>					
Other Expenses	5,494.63	49,986.67	33,731.30	31,297.42	2,433.88
Tax Appeals	26,688.41	8,779.02	35,467.43	35,450.61	16.82
<b>Municipal Court:</b>					
Salaries and Wages		21.76	21.76		21.76
Other Expenses	18,026.95	17,147.55	35,174.50	32,026.95	3,147.55
<b>Engineering Services and Costs:</b>					
Salaries and Wages		2,834.64	834.64		834.64
Other Expenses	3,520.85	20,415.43	34,186.28	30,540.15	3,646.13
<b>Public Defender:</b>					
Salaries and Wages		212.33	212.33		212.33
<b>Affordable Housing:</b>					
Other Expenses	5,614.31	638.93	46,353.24	46,338.67	14.57
<b>Planning Board:</b>					
Other Expenses	13,817.46	438.74	30,756.20	30,539.96	216.24
<b>Zoning Board of Adjustment:</b>					
Other Expenses	750.00	2,827.78	3,577.78	3,234.66	343.12
<b><u>PUBLIC SAFETY</u></b>					
<b>Uniform Fire Safety (P.L. 1983, Ch. 383):</b>					
<b>    Fire Prevention:</b>					
Salaries and Wages		3,810.25	60.25		60.25
Other Expenses	1,574.22	2,403.58	3,977.80	2,652.27	1,325.53
<b>    Fire:</b>					
Salaries and Wages		4,225.44	225.44		225.44
Other Expenses	25,912.03	1,717.33	26,579.36	24,157.69	2,421.67
Fire Hydrant Services	42.40	4,220.00	262.40		262.40
<b>Police:</b>					
Salaries and Wages		43,993.13	43,993.13	43,000.00	993.13
Other Expenses	20,632.00	10,826.36	31,458.36	28,963.72	2,494.64
<b>Traffic Control Schools:</b>					
Salaries and Wages		6,182.50	182.50		182.50
Other Expenses		3,434.22	1,734.22		1,734.22

TOWNSHIP OF BERKELEY HEIGHTS  
CURRENT FUND

2015 APPROPRIATION RESERVES

A-13  
Sheet #2

<u>Appropriations</u>	Balance Dec. 31, 2015		<u>Modified</u>	<u>Paid and Committed</u>	<u>Balance Lapsed</u>
	<u>Encumbered</u>	<u>Unencumbered</u>			
<u>PUBLIC SAFETY</u>					
Emergency Management:					
Salaries and Wages	\$	\$ 0.06	\$ 0.06	\$	\$ 0.06
Other Expenses	3,133.60	648.40	3,782.00	3,133.60	648.40
Municipal Prosecutor:					
Salaries and Wages		225.15	225.15		225.15
<u>PUBLIC WORKS</u>					
Road Repair and Maintenance:					
Salaries and Wages		2,000.20	2,000.20	2,000.00	0.20
Other Expenses	14,279.12	4,296.50	19,325.62	19,309.58	16.04
Snow Removal:					
Salaries and Wages		39,255.99	39,255.99	39,250.00	5.99
Other Expenses		22,387.20	22,387.20	22,250.00	137.20
Sanitation:					
Garbage and Trash Removal:					
Other Expenses:					
Collection	134,189.55	39,177.47	146,367.02	146,106.53	260.49
Public Buildings and Grounds:					
Salaries and Wages		1,378.42	1,378.42	1,000.00	378.42
Other Expenses	5,495.31	6,678.58	12,173.89	10,230.40	1,943.49
Maintenance of Vehicles:					
Salaries and Wages		1,646.45	1,646.45	1,500.00	146.45
Other Expenses	26,379.16	21,450.70	47,829.86	47,482.05	347.81
Maintenance of Sewer Plant:					
Salaries and Wages		3,953.72	3,953.72	3,750.00	203.72
Other Expenses	63,710.64	1,115.12	89,575.76	87,584.62	1,991.14
<u>HEALTH AND WELFARE</u>					
(Board of Health - Local Health Agency):					
Board of Health:					
Salaries and Wages		154.00	154.00		154.00
Other Expenses		33,616.04	36,016.04	35,991.49	24.55
Environmental Commission:					
Other Expenses	206.47	56.79	263.26	206.47	56.79
Welfare Administration:					
Salaries and Wages	1,000.00		1,000.00	1,000.00	
Community on Cable	600.00	9,625.00	10,225.00	1,485.00	8,740.00
<u>RECREATION AND EDUCATION</u>					
Parks and Playgrounds:					
Salaries and Wages		10,309.47	10,309.47	10,250.00	59.47
Other Expenses	6,479.63	1,264.89	7,744.52	5,146.14	2,598.38
<u>CODE ENFORCEMENT</u>					
State Uniform Construction Code Official:					
Salaries and Wages		4,596.85	96.85		96.85
Other Expenses	5,996.16	28,573.16	34,569.32	8,213.38	26,355.94
<u>UNCLASSIFIED</u>					
Natural Gas	1,098.70	14,820.19	15,918.89	8,855.72	7,063.17
Electricity	18,592.34	5,475.91	40,618.25	40,467.43	150.82
Water	400.00	4,713.57	5,113.57	3,524.73	1,588.84
Telephone	2,640.31	11,957.58	14,597.89	14,422.87	175.02
Street Lighting	6,615.52	16,347.32	22,962.84	16,499.25	6,463.59
Gasoline	9,372.13	69,829.94	79,202.07	10,460.86	68,741.21
Postage		591.01	591.01		591.01
Condominium Service Law		49.64	49.64		49.64

TOWNSHIP OF BERKELEY HEIGHTS  
CURRENT FUND

2015 APPROPRIATION RESERVES

A-13  
Sheet #3

<u>Appropriations</u>	Balance Dec. 31, 2015		<u>Modified</u>	<u>Paid and Committed</u>	<u>Balance Lapsed</u>
	<u>Encumbered</u>	<u>Unencumbered</u>			
<u>STATUTORY EXPENDITURES</u>					
Contribution to:					
Social Security System (OASI)	\$	\$ 12,563.12	\$ 12,563.12	\$	\$ 12,563.12
Public Employees' Retirement System		9.84	9.84		9.84
<u>OPERATIONS EXCLUDED FROM "CAPS"</u>					
Maintenance of Free Public Library		4,545.99	4,545.99	4,545.99	
Planning Board (P.L. 1985, Ch. 222):					
Other Sewer		3,377.67	3,377.67		3,377.67
		\$ 454,113.97	\$ 1,153,062.50	\$ 894,967.67	\$ 258,094.83
<u>Reference</u>	A	A		Below	A-1
			<u>Ref.</u>		
		Disbursements	A-4	\$ 894,540.87	
		Accounts Payable	A-5	426.80	
			Above	\$ 894,967.67	

TOWNSHIP OF BERKELEY HEIGHTS  
GRANT FUND

RESERVE FOR GRANTS - UNAPPROPRIATED

A-14

	<u>Collections</u>	<u>Balance Dec. 31, 2016</u>
Drive Sober or Get Pulled Over	\$ 3,000.00	\$ 3,000.00
Body Armor Replacement Fund	<u>2,585.16</u>	<u>2,585.16</u>
	<u>\$ 5,585.16</u>	<u>\$ 5,585.16</u>
<u>Reference</u>	<u>A-19</u>	<u>A</u>

TOWNSHIP OF BERKELEY HEIGHTS  
GRANT FUND

RESERVE FOR GRANTS - APPROPRIATED

A-15

	<u>Balance</u> <u>Dec. 31, 2015</u>	<u>2016 Budget</u> <u>Appropriation</u>	<u>Paid or</u> <u>Charged</u>	<u>Balance</u> <u>Dec. 31, 2016</u>
2006 Kids Recreation	\$ 1,050.00	\$	\$	\$ 1,050.00
Alcohol Education and Rehabilitation	14,358.69	1,389.92	1,250.00	14,498.61
Body Armor Replacement Fund	4,311.59		2,504.70	1,806.89
Business Stimulus Fund Grant	282.54			282.54
CDBG - Senior Citizen Center Program		6,600.00	6,600.00	
CDBG - Senior Citizen Transportation Program		7,100.00	7,100.00	
Clean Communities Grant	666.92	30,947.12	30,947.12	666.92
Click It or Ticket	4,000.00	4,425.42	8,425.42	
Commerce Downtown Improvements	40,000.00			40,000.00
COPS Secure Our Schools Grant	74,438.33			74,438.33
Department of Transportation - Park Avenue	191,650.00			191,650.00
Drive Sober or Get Pulled Over - Year End Crackdown	328.83		328.83	
Drive Sober or Get Pulled Over - Year End Holiday Crackdown	5,000.00		5,000.00	
Drive Sober or Get Pulled Over - Statewide Labor Day Crackdown	5,000.00		5,000.00	
Drunk Driving Enforcement	6,980.14		2,058.02	4,922.12
Environmental Commission	250.00			250.00
FEMA - Assistance to Firefighter	32,215.50	25,397.00	30,354.44	27,258.06
FEMA - Assistance to Firefighter - Local Match		1,269.00	1,269.00	
FEMA - Hazard Mitigation Grant		100,000.00		100,000.00
AFG Fire Prevention and Safety Grant	14,469.00		11,416.70	3,052.30
Forestry Management	7,990.00		3,020.00	4,970.00
Greening Union County - Kids Recreation	8,253.50	16,834.00	13,171.30	11,916.20
Greening Union County - Trees	1,785.00			1,785.00
Greening Union County	4,254.00	1,000.00		5,254.00
Kids Recreation Trust Grant	911.47			911.47
Municipal Alliance - 2016		14,123.00	14,123.00	
Municipal Alliance - 2016 Local Match		3,531.00	3,531.00	
Municipal Alliance	4,715.74		4,715.74	
Municipal Alliance - Local Match	3,256.87		3,256.87	
Municipal Alliance Waste Water Management Plan Grant	15,000.00			15,000.00
Open Land Inventory	1,500.00			1,500.00
Police Technology	1,196.45			1,196.45
PSE&G Emergency Service	1,839.11			1,839.11
Recycling Grant	67,983.41	8,314.23		76,297.64
Storm Water Management Grant	4,334.52			4,334.52
Sustainable Jersey Small Grant	5,000.00	10,000.00	450.00	14,550.00
Union County Field Dreams	54,095.60			54,095.60
Union County Pocket Parks	3,753.45			3,753.45
Union County Recreation Grant - 2009	9,245.06			9,245.06
Union County Senior Focus	85,844.45			85,844.45
	<u>\$ 675,960.17</u>	<u>\$ 230,930.69</u>	<u>\$ 154,522.14</u>	<u>\$ 752,368.72</u>

Reference

A

Below

Below

A

Ref.

2016 Budget Appropriations  
Expenditures  
Local Match  
Cancelled  
Grants Receivable Cancelled

A-3

\$ 226,130.69

A-19

\$ 137,389.64

A-19

4,800.00

A-19

10,732.08

A-23

6,400.42

Above

\$ 230,930.69

\$ 154,522.14

TOWNSHIP OF BERKELEY HEIGHTS  
CURRENT FUND

PREPAID TAXES

A-16

	<u>Ref.</u>	
Balance December 31, 2015	A	\$ 191,935.30
Increased by:		
Collections	A-4	248,886.96
		<u>440,822.26</u>
Decreased by:		
Applied	A-11	191,935.30
Balance December 31, 2016	A	<u>\$ 248,886.96</u>

TAX OVERPAYMENTS

A-17

	<u>Ref.</u>	
Balance December 31, 2015	A	\$ 6,241.02
Increased by:		
Overpayments	A-4	95,866.31
		<u>102,107.33</u>
Decreased by:		
Operations	A-1	\$ 6,849.56
Refunds	A-4	<u>94,075.29</u>
		<u>100,924.85</u>
Balance December 31, 2016	A	<u>\$ 1,182.48</u>

TOWNSHIP OF BERKELEY HEIGHTS  
CURRENT FUND

SEWER USER CHARGES RECEIVABLE

A-18

	<u>Ref.</u>		
Balance December 31, 2015	A		\$ 40,231.70
Increased by:			
2016 Sewer Billings	Reserve		<u>282,159.34</u>
			322,391.04
Decreased by:			
Cash Receipts	A-4	\$ 261,858.70	
Applied	A-7	<u>4,474.64</u>	
	A-2		<u>266,333.34</u>
Balance December 31, 2016	A		<u>\$ 56,057.70</u>

TOWNSHIP OF BERKELEY HEIGHTS  
CURRENT FUND

GRANT FUND  
INTERFUNDS

A-19

	<u>Ref.</u>	<u>Total</u>	<u>Current Fund</u>	<u>Other Trust Fund</u>
Balance December 31, 2015:				
Due From	A	<u>\$423,278.87</u>	<u>\$361,788.02</u>	\$
(Due To)	A	<u>16,782.12</u>		<u>16,782.12</u>
Increased by:				
Unappropriated Grant Reserves	A-14	5,585.16	5,585.16	
2016 Budget	A-15	4,800.00	4,800.00	
Grants Receivable	A-23	205,045.31	205,045.31	
Cancellation of Grant Receivables	A-23	<u>3,140.23</u>	<u>3,140.23</u>	
		<u>218,570.70</u>	<u>218,570.70</u>	
Decreased by:				
Expenditures	A-15	137,389.64	137,389.64	
Cancellation of Grant Reserves	A-15	<u>10,732.08</u>	<u>10,732.08</u>	
		<u>148,121.72</u>	<u>148,121.72</u>	
Balance December 31, 2016:				
Due From	A	<u>\$432,237.00</u>	<u>\$432,237.00</u>	
(Due To)	A	<u>\$ 16,782.12</u>		<u>\$ 16,782.12</u>

TOWNSHIP OF BERKELEY HEIGHTS  
CURRENT FUND

COUNTY TAXES PAYABLE

A-20

	<u>Ref.</u>		
Balance December 31, 2015	A		\$ 136,134.61
Increased by:			
2016 Tax Levy	A-1	\$ 17,701,334.11	
Added and Omitted County Taxes	A-1	<u>55,254.09</u>	
	A-11		<u>17,756,588.20</u>
			<u>17,892,722.81</u>
Decreased by:			
Payments	A-4		<u>17,837,532.07</u>
Balance December 31, 2016	A		<u>\$ 55,190.74</u>

LOCAL SCHOOL DISTRICT TAXES

A-21

	<u>Ref.</u>		
Balance December 31, 2015	A		\$ 3.00
Increased by:			
Levy Calendar Year 2016	A-1,11		<u>40,495,210.00</u>
			<u>40,495,213.00</u>
Decreased by:			
Payments	A-4		<u>40,495,208.00</u>
Balance December 31, 2016	A		<u>\$ 5.00</u>

TOWNSHIP OF BERKELEY HEIGHTS  
CURRENT FUND

INTERFUNDS

A-22

	<u>Ref.</u>	<u>Total</u>	<u>Federal/State Grant Fund</u>	<u>General Capital Fund</u>	<u>Trust Other Fund</u>
Balance December 31, 2015: (Due To)	A	<u>\$ (391,876.65)</u>	<u>\$ (361,788.02)</u>	<u>\$ (25,781.65)</u>	<u>\$ (4,306.98)</u>
Increased by:					
Cancellation of Grant Reserves	A-1	\$ 12,296.17	\$ 12,296.17		
Cash Disbursements	A-4	<u>137,389.64</u>	<u>137,389.64</u>		
		<u>149,685.81</u>	<u>149,685.81</u>		
Decreased by:					
Appropriations	A-3	4,800.00	4,800.00		
Cash Receipts	A-4	<u>215,334.79</u>	<u>215,334.79</u>		
		<u>220,134.79</u>	<u>220,134.79</u>		
Balance December 31, 2016: (Due To)	A	<u>\$ (462,325.63)</u>	<u>\$ (432,237.00)</u>	<u>\$ (25,781.65)</u>	<u>\$ (4,306.98)</u>

TOWNSHIP OF BERKELEY HEIGHTS  
GRANT FUND

GRANTS RECEIVABLE

A-23

	<u>Balance</u> <u>Dec. 31, 2015</u>	<u>2016</u> <u>Grants</u>	<u>Collections</u>	<u>Balance</u> <u>Dec. 31, 2016</u>
Alcohol Education and Rehabilitation	\$	1,389.92	\$ 1,389.92	\$
CDBG - Senior Citizen Center Program	6,600.00	6,600.00	6,600.00	6,600.00
CDBG - Senior Citizen Transportation Program	7,600.00	7,100.00	7,100.00	7,600.00
Clean Communities Grant		30,947.12	30,947.12	
Click It or Ticket	1,407.04	4,425.42	5,832.46	
Department of Transportation - Park Avenue	200,000.00			200,000.00
Drive Sober or Get Pulled Over - Year End Crackdown	3,140.23		3,140.23	
FEMA - Assistance to Firefighter	65,761.00		65,761.00	
FEMA - Assistance to Firefighter Assistance Grant	49.00	25,397.00	4,492.00	20,954.00
FEMA - Hazard Mitigation Grant		100,000.00		100,000.00
Fire and Prevention Safety Grant	24,538.00		23,193.00	1,345.00
Forestry Management	17,000.00		17,000.00	
Greening Union County		1,000.00		1,000.00
Municipal Alliance		14,123.00	14,123.00	
Municipal Alliance 2015	4,859.00		4,859.00	
New Jersey Sustainable Small Cities Program		10,000.00	5,000.00	5,000.00
Recycling Tonnage Program		8,314.23	8,314.23	
Union County - Kids Recreation Trust Grant		16,834.00	16,834.00	
	<u>\$ 330,954.27</u>	<u>\$ 226,130.69</u>	<u>\$ 214,585.96</u>	<u>\$ 342,499.00</u>
<u>Reference</u>	<u>A</u>	<u>A-2</u>	<u>Below</u>	<u>A</u>

Receipts  
Cancelled  
Cancelled - Appropriated Reserves

\$ 205,045.31  
3,140.23  
6,400.42

Above

\$ 214,585.96

TOWNSHIP OF BERKELEY HEIGHTS  
CURRENT FUND

RESERVE FOR VARIOUS DEPOSITS

A-24

	<u>Ref.</u>	
Balance December 31, 2015	A	<u>\$ 6,795.08</u>
Balance December 31, 2016	A	<u><u>\$ 6,795.08</u></u>

DUE TO STATE OF NEW JERSEY

A-25

	<u>Ref.</u>	
Increased by:		
Cash Receipts	A-4	\$52,558.00
Decreased by:		
Cash Disbursements	A-4	<u>48,579.00</u>
Balance December 31, 2016	A	<u><u>\$ 3,979.00</u></u>
<u>Analysis of Balance</u>		
Marriage Licenses		\$ 225.00
DCA Training Fees		<u>3,754.00</u>
		<u><u>\$ 3,979.00</u></u>

TOWNSHIP OF BERKELEY HEIGHTS  
TRUST FUNDS

B-1

CASH RECEIPTS AND DISBURSEMENTS  
COLLECTOR - TREASURER

	<u>Ref.</u>	<u>Animal Control Fund</u>	<u>Trust Other Fund</u>
Balance December 31, 2015	B	\$ 56,517.88	\$ 6,473,433.75
Increased by Receipts:			
Animal Control Expenditures	B-2	\$ 4,689.60	
Payroll Deductions	B-4		\$ 4,588,216.74
Due to State of New Jersey	B-5	428.40	
Net Payroll Payable	B-6		8,072,350.23
Various Reserves and Deposits	B-7		1,995,031.94
Reserve for Affordable Housing	B-8		120,721.50
Unemployment Compensation Insurance	B-9		15,000.00
Reserve for Recreation	B-10		545,217.01
Prepaid Revenue	B-12	<u>1,689.00</u>	
		<u>6,807.00</u>	<u>15,336,537.42</u>
		<u>63,324.88</u>	<u>21,809,971.17</u>
Decreased by Disbursements:			
Animal Control Expenditures	B-2	1,199.81	
Payroll Deductions	B-4		4,563,471.66
Due to State of New Jersey	B-5	519.00	
Net Payroll Payable	B-6		8,075,029.48
Various Reserves and Deposits	B-7		2,081,465.89
Reserve for Affordable Housing	B-8		17,522.00
Unemployment Compensation Insurance	B-9		9,401.01
Reserve for Recreation	B-10		494,841.99
Reserve for Equitable Sharing	B-11		11,635.98
		<u>1,718.81</u>	<u>15,253,368.01</u>
Balance December 31, 2016	B	<u>\$ 61,606.07</u>	<u>\$ 6,556,603.16</u>

TOWNSHIP OF BERKELEY HEIGHTS  
TRUST FUNDS

RESERVE FOR ANIMAL CONTROL FUND EXPENDITURES

B-2

	<u>Ref.</u>		
Balance December 31, 2015	B		\$55,451.88
Increased by:			
Collections:			
Dog License Fees Collected		\$ 4,374.60	
Dog License Late Fees Collected		85.00	
Cat License Fees Collected		<u>230.00</u>	
	B-1	4,689.60	
Prepaid License Fees Applied	B-12	<u>978.40</u>	
			<u>5,668.00</u>
			<u>61,119.88</u>
Decreased by:			
Expenditures Under N.J.S. 40A:4-39	B-1	1,199.81	
Due to State of New Jersey	B-5	<u>3.00</u>	
			<u>1,202.81</u>
Balance December 31, 2016	B		<u><u>\$59,917.07</u></u>

<u>License Fees Collected</u>	
<u>Year</u>	<u>Amount</u>
2014	\$ 6,125.60
2015	<u>5,395.80</u>
	<u><u>\$ 11,521.40</u></u>

TOWNSHIP OF BERKELEY HEIGHTS  
TRUST FUNDS

INTERFUNDS

B 3

	<u>Ref.</u>	<u>Total</u>	<u>Current Fund</u>	
			<u>Trust Other</u>	<u>Grant Fund</u>
Balance December 31, 2015: Due From	B	<u>\$ 21,089.10</u>	<u>\$ 4,306.98</u>	<u>\$ 16,782.12</u>
Balance December 31, 2016: Due From	B	<u>\$ 21,089.10</u>	<u>\$ 4,306.98</u>	<u>\$ 16,782.12</u>

TOWNSHIP OF BERKELEY HEIGHTS  
TRUST FUNDS

TRUST OTHER FUNDS  
PAYROLL DEDUCTIONS PAYABLE

B-4

	<u>Ref.</u>	
Balance December 31, 2015	B	\$ 34,068.99
Increased by:		
Payroll Deductions	B-1	4,588,216.74
		<u>4,622,285.73</u>
Decreased by:		
Cash Disbursements	B-1	4,563,471.66
Balance December 31, 2016	B	<u>\$ 58,814.07</u>

ANIMAL CONTROL TRUST FUND  
DUE FROM STATE OF NEW JERSEY

B-5

	<u>Ref.</u>	
Increased by:		
Cash Disbursement	B-1	\$ 519.00
Decreased by:		
Cash Receipts	B-1	\$428.40
Prepaid Applied	B-12	87.60
Transferred from Reserve for Animal Control Expenditures	B-2	<u>3.00</u>
		<u>519.00</u>
		<u>\$ -</u>

TOWNSHIP OF BERKELEY HEIGHTS  
TRUST FUNDS

TRUST OTHER FUNDS  
NET PAYROLL PAYABLE

B-6

	<u>Ref.</u>	
Balance December 31, 2015	B	\$ 13,015.75
Increased by:		
Receipts	B-1	<u>8,072,350.23</u> 8,085,365.98
Decreased by:		
Disbursements	B-1	<u>8,075,029.48</u>
Balance December 31, 2016	B	<u><u>\$ 10,336.50</u></u>

TOWNSHIP OF BERKELEY HEIGHTS  
TRUST FUNDS

RESERVE FOR EXPENDITURES

B-7

<u>Account</u>	<u>Balance</u> <u>Dec. 31, 2015</u>	<u>Increase</u>	<u>Decrease</u>	<u>Transfer</u>	<u>Balance</u> <u>Dec. 31, 2016</u>
Police Forfeiture - Law Enforcement Funds	\$ 8,697.63	\$ 7,500.00	\$ 12,060.96	\$ 4,435.18	\$ 8,571.85
Tax Sale Certificates	28,685.23	208,188.85	196,220.28		40,653.80
Tax Sale Premiums	143,300.91	104,000.00	112,000.00		135,300.91
Bandstand Improvements	509.35				509.35
Regional Board of Health Settlement	7,903.92				7,903.92
Street Opening Deposits	8,099.96				8,099.96
Tree Deposit	48,214.88	11,500.00	9,575.00		50,139.88
Christmas Tree Sellers' Deposits	775.00		150.00		625.00
Fire Sub-Code	38,954.78	1,750.00			40,704.78
Parking Offense Adjudication Act	883.96	52.00			935.96
Municipal Alliance	1,852.48				1,852.48
Public Defender	4,289.75	4,111.50			8,401.25
Green Acres	169,115.32	14,282.62	2,260.00		181,137.94
Developers' Escrow	4,664,379.25	436,328.85	813,101.08		4,287,607.02
Sewer Pump Station Study	18,000.00				18,000.00
Peppertown Park Project	7,875.34		1,866.36		6,008.98
Donations	31,038.80	75,555.00	72,740.00		33,853.80
Police Escrow	122,434.69	929,640.90	854,322.11	(4,435.18)	193,318.30
Miscellaneous	12,559.60		486.88		12,072.72
Youth Academy Donation	911.70	7,622.22	4,971.22		3,562.70
Snow Removal	27,220.30	107,500.00	908.75		133,811.55
Accumulated Sick Time	64,045.85	87,000.00	803.25		150,242.60
	<u>\$ 5,409,748.70</u>	<u>\$ 1,995,031.94</u>	<u>\$ 2,081,465.89</u>	<u>\$ -</u>	<u>\$ 5,323,314.75</u>
<u>Reference</u>	<u>B</u>	<u>B-1</u>	<u>B-1</u>	<u>Contra</u>	<u>B</u>

TOWNSHIP OF BERKELEY HEIGHTS  
TRUST FUNDS

RESERVE FOR AFFORDABLE HOUSING DEPOSITS

B-8

	<u>Ref.</u>	
Balance December 31, 2015	B	\$ 716,441.76
Increased by:		
Receipts	B-1	<u>120,721.50</u>
		837,163.26
Decreased by:		
Disbursements	B-1	<u>17,522.00</u>
Balance December 31, 2016	B	<u><u>\$ 819,641.26</u></u>

RESERVE FOR STATE UNEMPLOYMENT INSURANCE

B-9

	<u>Ref.</u>	
Balance December 31, 2015	B	\$ 97,085.79
Increased by:		
Receipts	B-1	<u>15,000.00</u>
		112,085.79
Decreased by:		
Disbursements	B-1	<u>9,401.01</u>
Balance December 31, 2016	B	<u><u>\$ 102,684.78</u></u>

TOWNSHIP OF BERKELEY HEIGHTS  
TRUST FUNDS

RECREATION  
RESERVE FOR EXPENDITURES

B-10

	<u>Ref.</u>	
Balance December 31, 2015	B	\$ 128,897.75
Increased by:		
Receipts	B-1	<u>545,217.01</u>
		674,114.76
Decreased by:		
Disbursements	B-1	<u>494,841.99</u>
Balance December 31, 2016	B	<u>\$ 179,272.77</u>

RESERVE FOR EQUITABLE SHARING

B-11

	<u>Ref.</u>	
Balance December 31, 2015	B	\$ 90,616.68
Decreased by:		
Disbursements	B-1	<u>11,635.98</u>
Balance December 31, 2016	B	<u>\$ 78,980.70</u>

TOWNSHIP OF BERKELEY HEIGHTS  
TRUST FUNDS

ANIMAL CONTROL FUND  
PREPAID REVENUE

B-12

	<u>Ref.</u>	
Balance December 31, 2015	B	\$1,066.00
Increased by:		
Cash Receipts	B-1	<u>1,689.00</u>
		2,755.00
Decreased by:		
Applied to 2016	B-2,5	<u>1,066.00</u>
Balance December 31, 2016	B	<u><u>\$1,689.00</u></u>

TOWNSHIP OF BERKELEY HEIGHTS  
TRUST FUNDS

DUE TO STATE OF NEW JERSEY

B-13

	<u>Ref.</u>	
Balance December 31, 2015	B	<u>\$ 4,647.43</u>
Balance December 31, 2016	B	<u><u>\$ 4,647.43</u></u>

TOWNSHIP OF BERKELEY HEIGHTS  
GENERAL CAPITAL FUND

CASH RECEIPTS AND DISBURSEMENTS  
COLLECTOR - TREASURER

C-1

	<u>Ref.</u>		
Balance December 31, 2015	C		\$ 2,388,252.83
Increased by Receipts:			
Interfunds	C-3	\$ 484,141.71	
Capital Improvement Fund	C-6	125,000.00	
Bond Anticipation Notes	C-11	<u>7,455,950.00</u>	
			<u>8,065,091.71</u>
			10,453,344.54
Decreased by Expenditures:			
Interfunds	C-3	111,841.71	
Improvement Authorizations	C-7	2,485,622.87	
Bond Anticipation Notes	C-11	<u>6,770,250.00</u>	
			<u>9,367,714.58</u>
Balance December 31, 2016	C		<u>\$ 1,085,629.96</u>



TOWNSHIP OF BERKELEY HEIGHTS  
GENERAL CAPITAL FUND

DUE FROM CURRENT FUND

C-3

	<u>Ref.</u>		
Balance December 31, 2015	C		\$ 25,781.65
Increased by:			
Cash Disbursements	C-1	\$ 111,841.71	
Budget Appropriations	C-5	<u>372,300.00</u>	
			<u>484,141.71</u>
			509,923.36
Decreased by:			
Cash Receipt	C-1		<u>484,141.71</u>
Balance December 31, 2016	C		<u>\$ 25,781.65</u>

DEFERRED CHARGES TO FUTURE TAXATION - FUNDED

C-4

	<u>Ref.</u>		
Balance December 31, 2015	C		\$ 11,843,990.55
Increased by:			
Serial Bonds Issued	C-9		<u>4,775,000.00</u>
			16,618,990.55
Decreased by:			
Budget Appropriation to Pay Bonds	C-9	\$ 5,804,000.00	
Budget Appropriation to Pay Loan	C-10	<u>446,878.21</u>	
			<u>6,250,878.21</u>
Balance December 31, 2016	C		<u>\$ 10,368,112.34</u>



TOWNSHIP OF BERKELEY HEIGHTS  
GENERAL CAPITAL FUND

CAPITAL IMPROVEMENT FUND

C-6

	<u>Ref.</u>	
Balance December 31, 2015	C	\$ 16,004.80
Increased by:		
2016 Appropriations	C-1	<u>125,000.00</u>
		141,004.80
Decreased by:		
Improvement Authorizations	C-7	<u>56,300.00</u>
Balance December 31, 2016	C	<u><u>\$ 84,704.80</u></u>

TOWNSHIP OF BERKELEY HEIGHTS  
GENERAL CAPITAL FUND

IMPROVEMENT AUTHORIZATIONS

C-7

	Ordinance Number	Date	Amount	Balance Dec. 31, 2015		2016 Authorizations	Paid or Charged	Balance Dec. 31, 2016	
				Funded	Unfunded			Funded	Unfunded
General Improvements									
Various Library Improvements	43-99	09/07/99	\$ 35,000.00	\$ 18,251.00	\$ 13,250.00	\$	\$	\$ 18,251.00	\$ 13,250.00
Various Capital Improvements	00-13	06/27/00	1,750,815.00	93.65				93.65	
Various Improvements to Waste Water									
Treatment System	07-13/08-22	09/09/08	4,250,000.00	240,910.43				240,910.43	
Various Road Improvements	04-10	03/20/09	900,000.00		37,447.69				37,447.69
Tax Appeal Refunding Bond Ordinance	18-11	07/26/11	1,167,000.00		31,100.72				31,100.72
Various Capital Improvements and Equipment	09-12	08/07/12	57,000.00	20,837.91			2,234.16	18,603.75	
Various Capital Improvements and Equipment	10-12	08/07/12	1,608,874.00		6,661.82		1,428.82		5,233.00
Various Capital Improvements	09-13	08/20/13	846,907.00		20,353.88		14,010.72		6,343.16
Various Capital Improvements and Equipment	10-13	07/09/13	58,541.00	6,433.65			1,151.87	5,281.78	
Various Capital Improvements	03-14	08/12/14	783,550.00		237,057.64		138,716.35		98,341.29
Various Road Improvements	04-14	08/12/14	5,000,000.00		3,850,551.51		885,247.66		2,965,303.85
Municipal Facilities Study	8-14	10/07/14	30,494.89	1,179.89				1,179.89	
Various Road Improvements	9-15	08/18/15	1,664,250.00	10,100.68			1,249,287.24		340,813.44
Various Capital Improvements	11-16	08/09/16	1,114,300.00		1,580,000.00	1,114,300.00	193,546.05		920,753.95
				\$ 297,807.21	\$ 5,776,423.26	\$ 1,114,300.00	\$ 2,485,622.87	\$ 284,320.50	\$ 4,418,587.10
			Reference	C	C	Below	C-1	C	C
			Deferred Charges to Future Taxation -						
			Unfunded						
			Capital Improvement Fund						
					\$ 1,058,000.00				
					56,300.00				
					\$ 1,114,300.00				

TOWNSHIP OF BERKELEY HEIGHTS  
GENERAL CAPITAL FUND

STATE AID RECEIVABLE

C-8

	<u>Ref.</u>	
Balance December 31, 2015	C	<u>\$ 250,000.00</u>
Balance December 31, 2016	C	<u><u>\$ 250,000.00</u></u>

TOWNSHIP OF BERKELEY HEIGHTS  
GENERAL CAPITAL FUND

SERIAL BONDS PAYABLE

C-9

<u>Purpose</u>	<u>Date</u>	<u>Original Issue Amount</u>	<u>Date</u>	<u>Bond Maturities Outstanding Dec. 31, 2015 Amount</u>	<u>Interest Rate</u>	<u>Balance Dec. 31, 2015</u>	<u>Increase</u>	<u>Decrease</u>	<u>Balance Dec. 31, 2016</u>
General Improvement Bonds	10/01/03	\$ 4,000,000.00		\$		\$ 910,000.00	\$	\$ 910,000.00	\$
General Improvement Bonds	12/01/09	7,604,000.00	12/01/17 12/01/18	460,000.00 460,000.00	2.500% 2.750%				
Refunding Bonds	12/01/16	4,775,000.00	12/01/17 12/01/18 12/01/19 12/01/20 12/01/21 12/01/22 12/01/23 12/01/24 12/01/25 12/01/26 12/01/27	285,000.00 280,000.00 430,000.00 430,000.00 430,000.00 435,000.00 435,000.00 440,000.00 440,000.00 430,000.00	2.000% 3.000% 3.000% 4.000% 4.000% 4.000% 4.000% 4.000% 4.000% 4.000%	5,509,000.00	4,775,000.00	4,589,000.00	920,000.00
						<u>\$ 6,419,000.00</u>	<u>\$ 4,775,000.00</u>	<u>\$ 5,804,000.00</u>	<u>\$ 5,390,000.00</u>
					<u>Reference</u>	<u>C</u>	<u>C-4</u>	<u>C-4</u>	<u>C</u>

TOWNSHIP OF BERKELEY HEIGHTS  
GENERAL CAPITAL FUND

NEW JERSEY ENVIRONMENTAL INFRASTRUCTURE LOANS PAYABLE

C-10  
Sheet #1

Purpose	Original Issue		Loan Maturities Outstanding Dec. 31, 2016		Interest Rate	Balance Dec. 31, 2015	Decrease	Balance Dec. 31, 2016
	Date	Amount	Date	Amount				
New Jersey Environmental Infrastructure Loan	10/15/01	\$ 980,000.00	08/01/17-18	\$ 65,000.00	5.000%	\$ 415,000.00	\$ 60,000.00	\$ 355,000.00
			08/01/19	70,000.00	5.000%			
			08/01/20	75,000.00	4.750%			
			08/01/21	80,000.00	4.750%			
New Jersey Environmental Infrastructure Loan	10/15/01	1,000,000.00	08/01/17	53,253.90		316,088.63	51,960.74	264,127.89
			08/01/18	51,152.52				
			08/01/19	52,284.03				
			08/01/20	53,253.91				
			08/01/21	54,183.53				
New Jersey Environmental Infrastructure Loan	11/04/04	290,000.00	08/01/17-18	15,000.00	5.000%	170,000.00	15,000.00	155,000.00
			08/01/19-22	20,000.00	5.000%			
			08/01/23	20,000.00	4.250%			
			08/01/24	25,000.00	4.375%			
New Jersey Environmental Infrastructure Loan	11/04/04	294,120.00	08/01/17	14,435.93		136,998.81	14,821.85	122,176.96
			08/01/18	13,953.53				
			08/01/19	16,687.27				
			08/01/20	16,043.94				
			08/01/21	15,400.74				
		08/01/22	14,757.54					
		08/01/23	14,114.32					
		08/01/24	16,783.69					

TOWNSHIP OF BERKELEY HEIGHTS  
GENERAL CAPITAL FUND

C-10  
Sheet #2

NEW JERSEY ENVIRONMENTAL INFRASTRUCTURE LOANS PAYABLE

Purpose	Original Issue		Loan Maturities Outstanding Dec. 31, 2016		Interest Rate	Balance Dec. 31, 2015	Decrease	Balance Dec. 31, 2016
	Date	Amount	Date	Amount				
New Jersey Environmental Infrastructure Loan	11/08/07	\$ 2,190,000.00	08/01/17	\$110,000.00	5.000%			
			08/01/18	115,000.00	5.000%			
			08/01/19	120,000.00	4.000%			
			08/01/20	125,000.00	4.000%			
			08/01/21	130,000.00	5.000%			
			08/01/22	140,000.00	5.000%			
			08/01/23	145,000.00	4.250%			
			08/01/24	150,000.00	4.500%			
			08/01/25	160,000.00	4.500%			
			08/01/26	165,000.00	4.500%			
		08/01/27	175,000.00	4.250%		\$ 1,640,000.00	\$ 105,000.00	\$ 1,535,000.00
New Jersey Environmental Infrastructure Loan	11/08/07	2,030,000.00	08/01/17	112,492.14				
			08/01/18	112,178.84				
			08/01/19	111,708.87				
			08/01/20	111,834.20				
			08/01/21	111,834.19				
			08/01/22	114,027.33				
			08/01/23	112,774.12				
			08/01/24	112,045.67				
			08/01/25	114,082.16				
			08/01/26	112,703.62				
		08/01/27	114,317.33			1,352,647.26	112,648.79	1,239,998.47

TOWNSHIP OF BERKELEY HEIGHTS  
GENERAL CAPITAL FUND

C-10  
Sheet #3

NEW JERSEY ENVIRONMENTAL INFRASTRUCTURE LOANS PAYABLE

Purpose	Original Issue		Loan Maturities Outstanding Dec. 31, 2016		Interest Rate	Balance Dec. 31, 2015	Decrease	Balance Dec. 31, 2016	
	Date	Amount	Date	Amount					
New Jersey Environmental Infrastructure Loan	12/02/09	\$ 905,000.00	08/01/17	\$ 40,000.00	5.000%				
			08/01/18	45,000.00	5.000%				
			08/01/19-20	45,000.00	4.000%				
			08/01/21	50,000.00	4.000%				
			08/01/22	50,000.00	3.500%				
			08/01/23-24	55,000.00	4.000%				
			08/01/25	55,000.00	3.750%				
			08/01/26-27	60,000.00	4.000%				
			08/01/28-29	65,000.00	4.000%		\$ 730,000.00	\$ 40,000.00	\$ 690,000.00
New Jersey Environmental Infrastructure Loan	12/02/09	901,490.00	08/01/17	47,446.83					
			08/01/18	47,446.83					
			08/01/19	47,446.83					
			08/01/20	47,446.83					
			08/01/21	47,446.83					
			08/01/22	47,446.83					
			08/01/23	47,446.83					
			08/01/24	47,446.83					
			08/01/25	47,446.83					
			08/01/26	47,446.83					
		08/01/27	47,446.83						
		08/01/28	47,446.83						
		08/01/29	47,446.83						
						664,255.85	47,446.83	616,809.02	
						<u>\$5,424,990.55</u>	<u>\$446,878.21</u>	<u>\$4,978,112.34</u>	
						C	C-4	C	

Reference

TOWNSHIP OF BERKELEY HEIGHTS  
GENERAL CAPITAL FUND

C-11

BOND ANTICIPATION NOTES

<u>Ordinance Number</u>	<u>Improvement Description</u>	<u>Original Date of Issue</u>	<u>Date of Issue</u>	<u>Date of Maturity</u>	<u>Interest Rate</u>	<u>Balance Dec. 31, 2015</u>	<u>Increase</u>	<u>Decrease</u>	<u>Balance Dec. 31, 2016</u>
04-10	Various Road Improvements	10/09/13	10/06/2016	10/06/2017	1.75%	\$ 403,750.00	\$ 381,750.00	\$ 403,750.00	\$ 381,750.00
12-10	Various Capital Improvements	10/10/12	10/06/2016	10/06/2017	1.75%	1,096,100.00	1,044,200.00	1,096,100.00	1,044,200.00
18-11	Tax Refunding Bond	10/18/11	10/06/2016	10/06/2017	1.75%	233,400.00		233,400.00	
09-13	Various Capital Improvements	10/09/13	10/06/2016	10/06/2017	1.75%	804,000.00	739,000.00	804,000.00	739,000.00
03-14	Various Capital Improvements	10/08/14	10/06/2016	10/06/2017	1.75%	743,000.00	743,000.00	743,000.00	743,000.00
04-14	Various Road Improvements	10/08/14	10/06/2016	10/06/2017	1.75%	1,910,000.00	1,910,000.00	1,910,000.00	1,910,000.00
09-15	Various Road Improvements	10/06/15	10/06/2016	10/06/2017	1.75%	1,580,000.00	1,580,000.00	1,580,000.00	1,580,000.00
11-16	Various Capital Improvements	08/09/16	10/06/2016	10/06/2017	1.75%		1,058,000.00		1,058,000.00
						<u>\$ 6,770,250.00</u>	<u>\$ 7,455,950.00</u>	<u>\$ 6,770,250.00</u>	<u>\$ 7,455,950.00</u>

Reference

C

C-1

C-1

C

TOWNSHIP OF BERKELEY HEIGHTS  
GENERAL CAPITAL FUND

RESERVE FOR SENIOR CITIZENS' BUS

C-12

	<u>Ref.</u>	
Balance December 31, 2015	C	<u>\$ 8,500.00</u>
Balance December 31, 2016	C	<u>\$ 8,500.00</u>

INFRASTRUCTURE LOAN RECEIVABLE

C-13

	<u>Ref.</u>	
Balance December 31, 2015	C	<u>\$ 563,402.52</u>
Balance December 31, 2016	C	<u>\$ 563,402.52</u>

TOWNSHIP OF BERKELEY HEIGHTS  
GENERAL CAPITAL FUND

C-14

BONDS AND NOTES AUTHORIZED BUT NOT ISSUED

<u>Improvement Description</u>	<u>Ordinance Number</u>	<u>Balance Dec. 31, 2015</u>	<u>Increase</u>	<u>Decrease</u>	<u>Balance Dec. 31, 2016</u>
Various Library Improvements	43-99	\$ 13,250.00			\$ 13,250.00
Various Capital Improvements	08-26	63,048.27			63,048.27
Various Road Improvements	04-14	2,795,000.00			2,795,000.00
Various Capital Improvements	11-16		1,058,000.00		
		<u>\$ 2,871,298.27</u>	<u>\$ 1,058,000.00</u>	<u>\$ 1,058,000.00</u>	<u>\$ 2,871,298.27</u>

Reference

C

C-5

C-11

C

**PART II**  
**INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING**  
**ROSTER OF OFFICIALS**  
**COMMENTS AND RECOMMENDATIONS**  
**YEAR ENDED DECEMBER 31, 2016**

# SAMUEL KLEIN AND COMPANY

CERTIFIED PUBLIC ACCOUNTANTS

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## INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS

The Honorable Mayor and Members  
of the Township Council  
Township of Berkeley Heights  
Berkeley Heights, New Jersey 07922

We have audited the financial statements - regulatory basis of the various funds of the Township of Berkeley Heights, in the County of Union, as of and for the years ended December 31, 2016 and 2015, and the related notes to the financial statements - regulatory basis and have issued our report thereon dated September 19, 2017. These financial statements - regulatory basis have been prepared in conformity with accounting principles prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey, which is a basis of accounting other than accounting principles generally accepted in the United States of America. We conducted our audit in accordance with auditing standards generally accepted in the United States of America, audit requirements prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey, and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States.

### Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements - regulatory basis, we considered the Township's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements - regulatory basis, but not for the purpose of expressing an opinion on the effectiveness of the Township's internal control. Accordingly, we do not express an opinion on the effectiveness of the Township's internal control.

*A deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the Township's financial statements - regulatory basis will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of the internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

## Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Township's financial statements - regulatory basis are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*. However, we noted certain matters that we reported to management in the comments and recommendations section of this report.

## Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the result of that testing, and not to provide an opinion on the effectiveness of the Township's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Township's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

  
SAMUEL KLEIN AND COMPANY  
CERTIFIED PUBLIC ACCOUNTANTS

  
JOSEPH J. FACCONI, RMA, PA

Newark, New Jersey  
September 19, 2017

**ROSTER OF OFFICIALS FOR THE YEAR 2016  
AND REPORT ON SURETY BONDS**

<u>Name</u>	<u>Title</u>	<u>Amount of Bond</u>
Robert Woodruff	Mayor	\$ *
Jeanne Kingsley	President of the Council	*
Craig Pastore	Council Vice President	*
Mike D'Aquila	Councilman	*
Marc Faecher	Councilman	*
Edward Delia	Councilman	*
Thomas Pirone	Councilman	*
John Bussiculo	Township Administrator	*
Ana Minkoff	Township Clerk	*
Michel Marceau	Chief Financial Officer	200,000.00
Joseph Sordillo	Attorney	*
Robert Bocchino	Engineer	*
Robin Greenwald	Construction Code Official	*
Donald Bogosian	Municipal Court Judge	*
August Santore, Jr.	Public Defender	*
John DiPasquale	Chief of Police	*
Michael Mitzner	Municipal Prosecutor	*
Anthony Padovano	Fire Chief	*
Thomas Barton	Recreation Director	*
Rachele San Fillipo	Tax Collector	200,000.00
Robert Edgar	Tax Assessor	*
Margaret Bottone	Deputy Chief Financial Officer	*

All of the bonds were examined and were properly executed.

\*Covered by \$1,000,000.00 Blanket Position Bond - BGI A-GSMJIF Underwriting Unit.

Contracts and Agreements Required to be Advertised for (N.J.S. 40A:11-4)

N.J.S.A. 40A:11-4a states "Every contract awarded by the contracting agent for the provision or performance of any goods or services, the cost of which in the aggregate exceeds the bid threshold, shall be awarded only by resolution of the governing body of the contracting unit to the lowest responsible bidder after public advertising for bids and bidding therefore, except as is provided otherwise in this act or specifically by any other law. The governing body of a contracting unit may, by resolution approved by a majority of the governing body, disqualify a bidder who would otherwise be determined to be the lowest responsible bidder, if the governing body finds that it has had prior negative experience with the bidder."

It is pointed out that the Township Council has the responsibility of determining whether the expenditures in any category will exceed the threshold set for the fiscal year and, where question arises as to whether any contract or agreement might result in violation of the statute, the opinion of the Township Attorney should be sought before a commitment is made.

The statutory bidding threshold for the period January 1, 2016 - December 31 2016 was the sum of \$40,000.00 in accordance with the provisions of N.J.S.A. 40A:11-3a, based on the appointment of a qualified purchasing agent.

Notwithstanding N.J.S.A. 40:11-3a, P.L. 2005, Chapter 51 and N.J.S.A. 19:44A-20.5 known as the "Pay to Play Law" provides that a municipality is prohibited from executing any contract in excess of \$17,500.00, on or after January 1, 2006, to a business entity that made certain reportable contributions to any municipal committee of a political party if a member of that party is in office as a member of the governing body of the municipality when the contract is awarded unless proposals or qualifications are solicited through a fair and open process.

The minutes indicate that bids were requested by public advertising.

Inasmuch as the system of records did not provide for an accumulation of payments for categories of materials and supplies or related work or labor, the results of such an accumulation could not reasonably be ascertained. Disbursements were reviewed, however, to determine whether any clear-cut violations existed.

The minutes indicate that proposals were solicited for "Professional Services" in accordance with N.J.S.A. 19:44:20.5.

It is also noted that certain contracts were awarded under the provisions of N.J.S.A. 40A:11-12, New Jersey State purchasing contracts.

***Finding #2016-1:***

*Condition:*

We noted one (1) instance where a vendor was paid but a New Jersey Business Registration Certificate (BRC) was not on file. No purchase orders should be issued (other than emergencies) without having a BRC from the vendor on file prior to issuing the order.

*Recommendation:*

That purchase orders not be issued unless a BRC for the vendor is on file.

Purchases, Contracts or Agreements Not Required to be Advertised (N.J.S. 40A:11-6.1)

N.J.S. 40A:11-6.1 states "Except contracts which require the performance of professional services, all contracts or agreements which do not require public advertising for bids and the estimated cost or price exceeds \$6,000.00, at least two quotations as to the cost of price are required. Quotations, whenever practicable, shall be solicited by the contracting agent, and the contract or agreement shall be made with and awarded to the lowest responsible bidder." The Township has adopted a policy of requesting quotes for all expenditures in excess of \$2,500.00.

**Collection of Interest on Delinquent Taxes**

N.J.S. 54:4-67, as amended, provides the method for authorizing interest and the maximum rate to be charged for the nonpayment of taxes or assessments on or before the date when they would become delinquent.

The Governing Body adopted the following resolution authorizing interest to be charged on delinquent taxes:

BE IT RESOLVED by the Council of the Township of Berkeley Heights that the interest rate on delinquent taxes be fixed as follows:

- 8% per annum up to \$1,500.00 delinquency
- 18% per annum over \$1,500.00 delinquency
- 6% additional penalty for a delinquency over \$10,000.00 if not paid prior to the end of the calendar year

Any taxes not paid when due shall be called delinquent taxes ten days after the due date.

Tests of the Tax Collector's records indicate that interest was collected in accordance with the provisions of the foregoing resolution.

The last tax sale was held on October 5, 2016 and was complete.

**Payroll Account**

The propriety of deductions from employee salaries for pensions, Social Security, withholding tax and other purposes from employee payrolls were not verified as part of this audit.

**Revenue Departments**

***Finding #2016-2:***

**Police Department:**

*Condition:*

N.J.S.A. 40A:5-15 requires all funds be deposited or remitted to the Treasurer within 48 hours of receipt.

*Recommendation:*

That Department receipts be deposited or remitted to the Treasurer within 48 hours of collection in accordance with N.J.S.A. 40A:5-15.

***Finding #2016-3:***

**Recreation Department:**

*Condition:*

Our examination noted several fees charged which are not on the approved fee schedule. Additionally, pro-rated fees and time-payment plans were instituted, however we were not able to find Council approval of such arrangements.

*Recommendation:*

That the approved fee schedule for recreational activities be updated to include all fees.

### **Corrective Action Plan**

In accordance with regulations promulgated by the Division of Local Government Services, all municipalities are required to prepare and submit to the Division of Local Government Services a Corrective Action Plan with regard to audit deficiencies. This plan must be approved by formal resolution of the Governing Body and submitted within 60 days from the date the audit is received.

### **Miscellaneous**

A report summarizing collections of Dog License Fees and remittances of State Registration Fees has been prepared and filed with the New Jersey Department of Health and the Division of Local Government Services.

Revenue and receipts were established and verified as to source and amount only insofar as the local records permitted.

In verifying expenditures, computations were tested on claims approved and paid. No attempt was made in this connection to establish proof of rendition, character or extent of services, nor quantities, nature, propriety of prices or receipt of materials, these elements being left necessarily to internal review in connection with approval of claims.

A copy of this report was filed with the New Jersey Division of Local Government Services.

A summary or synopsis of this report was prepared for publication and filed with the Township Clerk.

**RECOMMENDATIONS**

**Contracts**

That purchase orders not be issued unless a BRC for the vendor is on file.

**Revenue Departments**

Police Department:

That Department receipts be deposited or remitted to the Treasurer within 48 hours of collection in accordance with N.J.S.A. 40A:5-15.

Recreation Department:

That the approved fee schedule for recreational activities be updated to include all fees.

\* \* \*

The foregoing comments and resulting recommendations are not of sufficient materiality whereby they would affect our ability to express an opinion on the financial statements taken as a whole.

We shall be pleased to confer on any questions that might arise with respect to any matters in this report.

We desire to express our appreciation for the assistance and courtesies rendered by the Township officials and employees during the course of the examination.

Respectfully submitted,

A handwritten signature in cursive script that reads "Samuel Klein and Company".

SAMUEL KLEIN AND COMPANY  
CERTIFIED PUBLIC ACCOUNTANTS

A handwritten signature in cursive script that reads "Joseph J. Faccone".

JOSEPH J. FACCONI, RMA, PA

Newark, New Jersey  
September 19, 2017

